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Building trust through transparency and action

In this edition of our Sustainable Investment Review, we step back a little to review the role of trust in sustainable finance. Recent developments such as new regulations, and rapidly diverging views on ESG, prompt questions about trust and transparency, especially given the current gap between public perceptions and the levels of trust that the financial industry relies on.

Leading off the section focused on trust, Storebrand Group CEO **Odd Arild Grefstad** shares his thoughts on how this factor contributes towards a robust society and an enabling environment for sustainable investment.

That same issue — trust — lies at the heart of some of our major efforts in active ownership during the second quarter. One such effort was our submission of a shareholder resolution on climate lobbying disclosure at this year's annual general meeting of Toyota Motor Corporation. The decision followed a stall since last year in our ongoing engagement with Toyota on its climate lobbying policies.

We expect our investees to engage with policy makers responsibly, within a process for

monitoring and reviewing climate policy engagement that is transparent to investors. Here, Toyota fell significantly short of our expectations. However, we believe that openness and transparency on this significantly material issue, will enhance Toyota's market value.


Our shareholder proposal was supported by proxy advisors, and many U.S. and European asset managers and owners. Unfortunately, the proposal did not pass at the meeting. Yet this escalation step, which was unprecedented in the company's history, got the attention of the company's management and board, signaling that in the current era, openness and transparency about governance and climate policy are expected and cannot be ignored.

A formalized Nordic investor alliance on active ownership may be one way to help ensure that we meet our stewardship commitments, Storebrand Asset Management CEO **Jan Erik Saugestad** notes, in his commentary on active ownership. Collaborative engagements are growing in importance, in response to challenges of ensuring that the world's biggest companies are aligned with sustainability goals. During the quarter, we took a significant



step on that front with the World Benchmarking Alliance, where we are a leading a joint engagement that has formally presented demands to the Nordic oil and gas leader Equinor regarding plans for a just transition.

The issues are urgent, and the public is increasingly aware: a newly published "[Climate Shift Index](#)" shows that human-caused climate change affected temperatures experienced by 96% of people on the planet during the past 12 months. This news comes on the back of a summer period featuring many extreme climate events, including heat records and unusual levels of wildfires. Responding to stakeholders' concerns in this context is an important element of building and maintaining trust.

You'll find these and many more updates on our sustainable investment activities in this edition. We hope you'll find it interesting and informative! 



"That same issue — trust — lies at the heart of some of our major efforts in active ownership during the second quarter."

Kamil Zabielski,
Head of Sustainable Investment

In brief

Guest contributor

Norsif seminar on nature risk


Mitigating nature risks can uncover valuable opportunities, but we need more refined data

On May 12th Norsif and Finance Society Norway (Forening for finansfag) organized a seminar focused on nature risk in the financial sector and the workings of the Norwegian government-appointed Nature Risk Commission. Our objective was to provide input to the government's expert group and hear from leading practitioners on their approach to nature risks in their investments.

The seminar built on the dual premise that the loss of biodiversity constitutes a major threat to sustainable development and the long-term health of investments, while on the other hand mitigating these threats constitutes opportunities for creating future economic value. For investors, loss of biodiversity and degradation of ecosystems represent important physical and transition risks, including the scarcity of raw materials much-needed for production and loss of fertile soil due to extreme weather events: Almost 50% of global GDP (worth around US \$44 trillion) depends on the use of nature as an input or complementary factor, according to a report by World Economic Forum. Consequently, the seminar participants emphasized, nature risks and the mitigation of these

risks should increasingly inform our economic activities.

Aksel Mjøs, who is an associate professor at the Norwegian School of Economics (NHH), heads Norway's expert commission on the issue. Mjøs introduced the main issues and challenges for the audience, including how the Norwegian business sector can analyze and manage nature risk effectively. He also gave an update on the status of the report on nature risks in the investment sector, which is to be presented to the Norwegian government by the end of 2023.

In addition to Mjøs, the discussion focused on practitioner perspectives from the financial sector. Speakers from Norway's leading financial companies presented their views. The speakers focused on how portfolio managers can include nature risk into their analyses, and shared future expectations. However, the panel participants also emphasized that there are also important challenges when it comes to implementing nature risk in financial analysis and portfolio management. One of the main concerns included the use of data—while existing data can be used to screen the portfolio to identify companies with material nature risk exposure, it is currently not possible to understand the potential real-world consequences of this exposure. More refined data and analytical tools are needed to link an asset's exposure to nature risk with its impact over nature. 

→ **Lars Erik Mangset**,
Chair of Norsif / Head of Sustainability
at Grieg Investor



Publications

UNEP report launched

UNEP, the United Nations Environment Programme, has launched a new investor guide on biodiversity. Storebrand has contributed to the publication of the guide through its role in the review process.

The guide, titled "**Stepping up on Biodiversity**", provides an overview of what the newly agreed Kunming-Montreal Global Biodiversity Framework means for responsible investors. Storebrand, through its participation in the Finance for Biodiversity Foundation, played a role in contributing to preparations that eventually resulted in the landmark agreement, made in Montreal at the COP15 conference last December.

Emine Isciel, Storebrand Head of Climate and Environment, was one of six subject matter experts that conducted formal reviews of the content included in "Stepping up on Biodiversity".

New biodiversity engagement report

The Finance for **Biodiversity Foundation (FFB)** has published its **annual report for the year 2022**, covering a busy year for the group.

During the year, the FFB's Public Policy Advocacy working group was an official observer member of the COP15 Convention on Biological Diversity and provided input from members on the Global Biodiversity Framework's text, using three position papers (titled **Aligning Financial Flows with Biodiversity Goals and Targets**). The Foundation's reach increased, with 18 new member organizations joining and 42 organizations signing on to its commitments.

FFB Public Policy Advocacy working group Co-chair **Emine Isciel** of Storebrand Asset Management) commented at the launch of the report: "One major achievement in 2022 was our successful advocacy work up to COP15 that led to an ambitious Global Biodiversity Framework, which highlights the necessary actions to be taken by all stakeholders, including the financial sector, to urgently halt and reverse biodiversity loss."

[+ Read the full report](#)

Recognition

Top ranked

In NordSIP's assessment of Swedish Article 9 global equity funds for Q1 2023, one of the top performers was the **Storebrand Global Solutions fund**, which centres around four complementary themes: renewable energy, smart cities, circular economy and equal opportunities. **○**

Shortlisted

Storebrand Asset Management has been honoured to be shortlisted for three upcoming awards

→ ESG Investment Leader Awards

Shortlisted for 'Best ESG Investment Fund: Equities' and 'ESG Fund Manager of the year'. The winners will be announced in November.

→ Sustainable Investment Awards 2023

Shortlisted for 'Sustainable Investment Fund Management Group of the year (AUM £50bn or above)' and 'Best Sustainable Emerging Markets Fund'. The winners will be announced in September.

→ LAPF Investment Awards 2023

Shortlisted for 'Equity Manager of the year' and 'Emerging Markets Manager of the year'. The winners will be announced in September.

#1 in Prospera

According to a recent Prospera survey, Storebrand Asset Management is now ranked in the top position by institutional clients in Sweden, and maintains its position as number 1 in sustainable investments.

The Prospera survey is administered by research and analysis provider Kantar Prospera.

↓ **Truls Nergaard**,
Head of Real Estate, Storebrand



Event

Driving ESG in property

Sorebrand Real Estate was honoured to contribute to a panel on ESG at the **PERE Europe Forum**, a conference arranged by PERE in London on May 11th, 2023.

The panel, "In high demand — ESG strategies from investors and managers", was moderated by **Robert Goldsmith**, Director at Ontario Teachers Pension Plan, and included Storebrand's Head of Real Estate **Truls Nergaard**, along with representatives from Oxford Properties, Dream Unlimited, and Credit Suisse Asset Management.

Together, the panel explored how companies in the sector can be successful at implementing ESG strategies, the keys to encouraging operating partners to drive sustainability in portfolio companies, and their experiences in turning net-zero commitments into reality and delivering returns. There was a consensus that the UK as a whole faces challenges around upgrading real estate portfolios to the level of transformation that regulations are pushing for by 2030, and in achieving premium returns on buildings with the highest ESG specifications, including net zero ones.

In his contributions, Nergaard shared Storebrand's longstanding and ambitious sustainability strategy, and as well as experiences in working to deliver competitive long-term risk-adjusted returns through a holistic sustainability approach, growing liquidity and attracting tenants in buildings with the highest ESG specifications. He noted that while the tenant market is still maturing, regulatory changes are influencing change and improving the return potential for investors committed to ESG in the sector. **○**

In focus / Trust

TRUST

Reflections on a critical factor
in sustainable investment





Now more than ever, trust matters


As sustainable investment evolves, the role of trust is increasingly critical. Are we—and regulators—finding the right balance? In this special, we zoom in on trust, a critical factor guiding the actions of Storebrand employees at every level. Ideally, trust is a mutual feeling of security in the fairness, benefit, and sustainability of a business relationship. Yet, it's difficult to establish—sometimes requiring years of commitment and hard work between parties to build the mutual feelings of trust.

Amid bank collapses in Europe and the US and a rapidly narrowing window to meet climate targets, sustainable finance, more than ever, needs trust to sustain itself as a relevant institution for clients, achieve its stated goals, and create a positive real-world impact.

Kenneth Arrow is well-known in finance for his foundational work on economics. What's perhaps less well-known, is his statement that **"virtually every commercial transaction has within itself an element of trust."** Specifically in this context, the transacting parties need to be able to trust each other's words and actions to securely complete transactions — there should be trust that the transaction will be followed through to its end.

However, on a broad global level, there seems to be a gap between the industry's reliance on trust and the public's perspective. According to the 2022 edition of the Edelman Trust Barometer, based on more than thirty thousand respondents from 27 countries, the financial services industry is one of the least trusted sectors, behind entertainment and fashion. Even though these results reflect the increasing trend in trusting financial institutions since 2012, it still shows that globally an overwhelming majority of clients do not feel secure in financial institutions' undertakings.¹ Similarly, in the US, only 27% of the public trusts financial institutions, down from 60% in 1979.²

As a Nordic institution, we are more fortunate — Nordic institutions both receive high trust and are more trusting of others. At Storebrand, we place a high value on strengthening this broad sense of trust in the Nordics. We work hard to bolster and sustain the trust between Storebrand and its clients, collaboration partners, portfolio companies; and not least, among its employees. The most recent Prospera survey suggests that some of our hard work paying off: in 2023 we were ranked the number one financial institution overall by institutional clients in Sweden; in Norway, we were number two. Regarding sustainability, we were ranked top in both countries.

So, in these articles we aim to explore key issues: How do you trust a company enough to include it in your portfolio for sustainable, long-term value creation? How do you know whether a target company will respond to your engagement efforts with sincerity? How do you ensure your clients trust you with their hard-earned savings? How do you build trust in new markets you're opening up to, where they might not even know your name? How do you trust your colleague sitting next to you, in doing their best for your institution and clients? 

References

[1] 2022 Edelman Trust Barometer

[2] Confidence in Institutions, Gallup

Trust builds a robust society



Odd Arild Grefstad
CEO Storebrand Group

For 256 years so far, Storebrand has helped customers plan and invest for what they want to achieve, and insure against the unexpected, both in the short and the long term. We manage people's future, security, hopes and dreams. Yet, turbulent times, such as we all now face globally, are characterized by uncertainty and change, and can pose challenges to our goals. Such times demand that we step back and ask: "how do we nurture the conditions for people to thrive, economically and socially?"

So, earlier this summer, at our [annual Storebrand Conference in Oslo](#), we zoomed in on an aspect of that. What stood out was that trust is essential, not only for us a financial concern, but also for society as a whole, and possibly that the Nordic experience may be of value in the broader context.

Nurturing trust, between nations, partners, and business rivals, is essential if we are to solve the challenges we now face, regarding nature, our climate, international cooperation and not least, sustainable economic value creation, which is essential for securing better lives for people.

Trust, in governing authorities and institutions, in companies, and between individuals, has been one of the most important enablers of the so-called "Nordic model" that combines healthy economic growth with well-functioning human welfare schemes and high levels of social development. An essential element of that is a well-functioning and transparent dialogue and debate, between business, civil society and the public sector.

Earlier this summer, the Nordic CEOs for a Sustainable Future, a business network we are involved in, met with the political network "Nordic Council" and the prime ministers of Iceland and Norway. There, the dedication to go forward on sustainability—one of the foundations for trust — was notable among all the parties involved. Together, we had some fruitful discussions on how business can contribute to speeding up our action on climate and nature, as science clearly advises us as a global society to do.

As a financial concern, we at Storebrand are dependent on trust – including the credibility of our investment decisions. The companies that we invest our clients' money in should be resilient enough to withstand changes to our physical environment, such as the ones we see developing in in the Arctic. Developments such as: what happens to the companies when the CO2 tax goes up dramatically? What happens if other technologies with lower emissions and lower costs take over the market? And are the boards of these companies we are invest in, aware how fast their markets may turn?

We therefore take climate, nature, social aspects, and many other sustainability factors into account when we invest—because we believe that this is how we best safeguard the value that we are responsible for. Our main mission is to create the best possible risk-adjusted returns for our customers over time, which means we must integrate the consequences of, among other things, climate change into our investment decisions.

Yet, the debate in some highly polarized markets has at times stretched to the extremes. Some even suggest that including ESG considerations in investment decisions equates to taking increased risks with clients' money in order to achieve one's own or idealistic goals, as opposed to serving clients' best long-run interests. This has nonetheless contributed to a political climate in which around 20 states in the U.S. have now banned investment products that include ESG screening in their methodologies. At Storebrand, however, we are confident that integrating sustainability into a company's investment analysis creates the best possible risk-adjusted returns for our customers in the long run, and that our commitment to this approach, built on our Nordic roots, is an important pillar of the trust required to undertake long term investment. ○

→ This opinion is based on the keynote speech by Storebrand Group CEO Odd Arild Grefstad on June 15th 2022, at the [Group's annual conference, the Storebrand-konferansen](#). This year's conference theme was: "Invest in the Future"



State of the industry

Questions on trust were prominent at RI Europe 2023, a leading sustainable finance conference

Sorebrand attended this year's Responsible Investor Europe 2023 conference (RI Europe), which took place on June 13-14 in London, to follow closely the state of affairs in ESG investing. The conference was broad, but two topics caught our attention in terms of the role of trust in sustainable investments: EU sustainability regulation and the characteristics of effective engagement. Here then are some of our observations and reflections from those sessions:

Session on regulation: Taking stock of EU sustainability regulation

Regulation is a critical arena in setting the stage for a healthy and predictable investment environment and a lot of change has been taking place in the regulation of sustainable investments in the EU over the past few years. In one of the first sessions of the conference, ESG experts from Eurosif, MSCI, PGGM, and PGIM discussed the current state of sustainability disclosure regulation within the European Union.

The session took place just a week after the European Commission's opening of a public feedback period on Corporate Sustainability Reporting Directive (CSRD). This new directive, which entered into force in January 2023, aims to strengthen and harmonize the sustainability-related reporting rules laid down in earlier regulation such as Non-Financial Reporting Directive (NFRD). The new reporting rules will apply to an extended set of corporations including listed SMEs, starting in the 2024 fiscal year.



While Storebrand agrees that the reporting frameworks are demanding, we accept the need for granularity and transparency for maintaining investor trust.

Storebrand's takeaways on trust

The conference was diverse and deeply reflective, and although we could hardly reflect the entire event, a few points stood out for us:

1. Regulation is vital in creating a predictable investment environment. Regulations like SFDR and CSRD strengthen and harmonize rules around sustainability disclosures while contributing to further transparency around companies' impact.
2. Investors increasingly choose engagement over exclusion. To create tangible positive impact through engagement, the process should be designed carefully, with diligent target selection, a clear pathway of escalation, and patience.
3. Collaborative engagements are increasingly supplanting individual engagements. Partnerships should be designed with due care to include an influential local partner with large stakes in the issue. That way, the engagement effectiveness can be maximized.

Participants at the panel welcomed the new reporting directive, as they have been asking for "sufficiently ambitious" corporate sustainability disclosures for a long time to be able to make reliable investment decisions. Investors have long wished to have a sense of the data underlying corporate disclosures, and the blanket regulations like SFDR and CSRD are applauded for their bravery in introducing concepts such as double materiality and ensuring transparency of sustainability data underlying corporate disclosures.

However, participants also expressed concern about the increased burden of new regulation as the reporting overhead might be too demanding in terms of taking up human and infrastructure resources. One idea therefore floated was that corporations and financial institutions should be allowed to "find their own way" in sustainability disclosures while being "transparent about their methodology." While Storebrand agrees that the reporting frameworks are demanding, we however accept the need for granularity and transparency for maintaining investor trust.

Session on active ownership: What does effective engagement look like?

In another session, active ownership experts from asset owners and managers gathered to discuss what makes a successful engagement effort. In a context where financial institutions increasingly prioritize active ownership tools over exclusion and divestment, engagement is an important tool for creating long-term value, and one which also can benefit from the presence of trust. However, the primacy of engagement also tests financial institutions' claims around its effectiveness.

According to the participants, the most significant characteristic of engagement is its reliance on patience and ideally trust: Most engagement activities are proactively launched and may require a couple of years to be resolved. During that time, the engagement can be more productive in creative value for stakeholders, if the parties create and sustain a deep and long-term relationship with each other.

This is also where trust comes into play. Trust, both between engaged company and the investor; and between collaborating investors in case of a collective engagement; is a fundamental component for building these long-lasting relationships. To begin with, the participants emphasized the virtue of having a "large, local, and loud partner" in collaborative engagements as the anchor of collective engagement activity. Such a partner helps provide a keen understanding of the context, and sustains communication with the company, and can help establish trust between the company and investors engaging with it.

However, trust may be very hard to come by, as typically the reason for initiating engagement processes may be the investors' loss of faith in a company's capacity to take action on an important issue. As the participants noted, the breakdown of trust can be reflected in escalation tactics such as shifting from private communication to public declarations, or the exercise of shareholder voting rights.

Conclusion

Trust is an important building block of with several aspects of the investment process in multiple nodes. It is important to have decent regulation with adequate sanctioning power to create a healthy and predictable investment environment, so as to inspire trust in the capabilities of the financial sector in addressing the challenges of sustainability. It is also important to build trust between the different parties of an engagement (e.g., between a company and an investor, between collaborating investors) to ensure that engagement results in tangible change. Engagement, after all, poses a collective action problem; and bringing about tangible real-world impact requires overcoming of distrust between parties, which prevents coordination of activities for a shared goal. ○



Perspectives

Views on the role of trust
from around
Storebrand Asset Management

Jørgen Hjemdal

Head of Institutional Client & Distribution

Jørgen Hjemdal has been working in finance since the late 1980s and has experienced first-hand sector's many transformations. Since 2016, he has been working to expand Storebrand's reach into the Nordics. For Hjemdal, Storebrand's success lies with its insistence on introducing sustainability as part of value creation since the 1990s, back when it was not a commercial plus and not at all part of financial institutions' agenda. Storebrand has been an early mover on sustainable finance, and this has had a positive impact over its performance as a company, as well as its stakeholders, Hjemdal says.

Here are some of his insights on the role of trust in finance, and in life.



What role does trust play in what you do?

Leaving someone else to manage your money takes a lot of trust. It is one thing to buy a car or an apartment from someone and another thing when you give them the capacity to invest for your future. And we as financial institutions cannot tell someone "Trust me." You need to prove it; you need to show that you are worthy of their trust.

How do you prove such a thing?

By showing consistency in how we work and by being predictable. By having integrity and staying true to your values. By putting effort into building long-term relations. In one sense, it is all about balancing ambitious financial goals with your clients' interests, and showing your clients that "Yes, I am here to do business, but

it is a mutually beneficial business that I am seeking."

And one needs to be persistent in showing up. Take the example of Iceland: It has a small population yet has a well-developed pensions market, a good place for us to be situated in. And we have been there consistently over time. We kept coming back even when returns were not that high in our initial entry into the market, and our consistent presence has paid off since then.

And how do you know you succeeded in building trust?

Trust is a soft commodity that takes time to build and is easily lost. It is so hard to measure because it is more of a relational inclination—do you feel secure that the other party will treat you right, consistently over time?

I believe trust circulates between people and within a community. For example, in Hardanger, a region close to Bergen, where

I am from, owners of fruit farms put their berries in boxes, and then place the boxes to the side of the road. Whoever takes these boxes is trusted to leave the money in the same place. We trust our neighbours, our politicians, the legal system and even the tax collectors! So, in that sense, Norway is a trust-based society, and Storebrand is no different.

That said, a good indicator of trust from our clients is the most recent Prospera survey. Prospera evaluates asset managers based on variables such as portfolio manager competence, brand strength, sustainable investments reporting, and perhaps most importantly, willingness to recommend to others. In 2023 we were ranked number one overall by institutional clients in Sweden. This is a first for us after being ranked second for three consecutive years, and we are excited to keep up this new level of performance in the future. ○

Lauren Juliff

**Climate and Sustainability Lead,
Storebrand Asset Management UK**

Lauren Juliff is the climate and sustainability lead at Storebrand Asset Management, UK. She has been in the asset management industry for more than twenty years and knows well the sector's sustainability journey. She recently acquired a master's degree from King's College London, where her thesis focused on the management of climate risk in the UK local government pension scheme won the best thesis award. Here is a glimpse of her thinking on the role of trust in moving the sector towards a more effective sustainability stance.

What is the role of trust in what you do?

When we talk about the role of trust in my work, we are actually talking about many layers of trust operating between different people and institutions. For starters, when a client invests with Storebrand, they place their trust in us. But then, most clients I work with are large public pension funds, and they have many underlying beneficiaries who placed their trust in these institutions. So, it permeates right along the investment chain; there is the trust between Storebrand and the fund, and then trust between the fund and its beneficiaries.

For me, the trust is built and maintained by the way we communicate our products. We need to demonstrate integrity in the design of our products and then be transparent about our thinking, even when it is difficult to do so due to the complex nature of topics such as climate

change. Otherwise, there can be miscommunications and misunderstandings about where we stand regarding sustainability. And I think this is what is happening at large in our industry; greenwashing is an issue of trust more than anything.

Has it ever been difficult to relay your thinking behind a product?

Yes, especially when we are dealing with regulation that does not appreciate the complexities of climate change mitigation. For example, the new EU regulations require decarbonisation at a specified rate of 7% per annum. The theory behind the regulation is reasonable as this rate stems from an IPCC determined pathway aligned with 1.5C of warming with low or no overshoot, but in practice we find it is too rigid and inflexible to deliver a truly transition-oriented portfolio.

To transition our economies in a Paris-aligned manner, we need a huge growth in climate solutions technologies such as heat pumps, EV parts, and electricity grid cables. These are vital in electrifying our economies; incidentally, they also currently report high Scope 1-3 emissions, because they are embedded into a fossil-based grid. However, if we choose to take the regulation at its face value, we will need to drop these important sectors from our portfolio.

So, we keep them in our portfolio to give our clients what we believe to be a better opportunity of aligning their portfolios with the goals of the Paris agreement. It might be difficult to explain this to clients who are mainly concerned with compliance at face value, but if we can effectively communicate our approach to the market through our research papers and case study examples, and if we can help our clients communicate this to their beneficiaries in a straightforward way then we believe we can deliver better investment outcomes than so called 'passive' climate index trackers.

How do you communicate these so-called counterintuitive positions? What kind of resources do you rely on when making your case?

We think that expert oversight of portfolio construction based on an understanding of climate science, policy and the limitations with datasets is crucial for managing climate risk. The institutional scenarios used across our industry, and the resulting investment strategies, often appear to understate the risks pre-



sented by climate change or lack a focus on economy transition. Over the past few years, we have used scientific research and international policy documents in our research and communications to illustrate why we cannot rely on offsets such as carbon capture, why our portfolio is fossil free, why Paris alignment is more complex than following a decarbonisation trajectory and why we seek broad diversified exposure to a range of climate solution technologies. But alongside keeping on top of developments in climate science and policy, it is important that we have an appreciation of our clients' needs and the changing regulatory environment they must operate in.

Does internal collaboration play a role in this?

Yes, this is why I think Henrik Wold Nilsen from the Oslo office and I make a good team. We both have a passion for climate science, Henrik has many years' experience in portfolio construction and data analysis, while I have many years' experience working directly with pension funds and a good understanding of asset owner requirements. So Henrik mostly designs our products and works with data on a day-to-day basis to adjust the portfolio while I do a lot of research on market developments, forthcoming investor regulations and climate data and reporting. We also write research papers together that cover that breadth of topics, using specific portfolio examples. One of our most recent collaborative work has been the white paper titled 'Paris Alignment Paradox.'

What is inspiring and exciting you these days?

We are getting ready to write another white paper, this time on the issue of Paris-aligned investing in emerging markets. The Paris Agreement states that countries should have "common but differentiated responsibilities" in addressing climate change. However, in the regulatory space and in financial sector application, we think this equitable mitigation principle is often missing. This can also result in the exclusion of companies in emerging markets which might, again, be vital to climate change mitigation, and we want to draw attention to this shortcoming in Paris-aligned benchmark thinking.

I am also excited about the summer break and spending time with my family, hiking in the mountains, swimming in lakes, and trying our best to minimise our emissions by taking a train to Switzerland then a bus and ferry to Italy. We also recently took our kids to Latitude Festival in the UK, which was a brilliant mix of live music, comedy, and an inspiring Climate Bus! ○



Spiros Alan Stathacopoulos

Executive Director for International Business Development

Spiros Alan Stathacopoulos, our executive director for international business development and works on extending Storebrand's reach into new markets. Having lived in five countries, Greece, France, the US, the UK, and Norway, he considers trust to be one of the most important and globally relevant elements in virtually every partnership, from business to families to sports teams. Below is a glimpse of his thoughts on the role of trust in his work.

Your work involves finding new markets for Storebrand. How do you establish a trusting relationship with your new clients?

Long before going to the clients, I believe trust first starts here at our offices in Lysaker. To have trust with a client, we need to have trust in the office, in the systems we have in place, and the people we work with, who are central to the solutions we produce for clients. If there is trust within our organization, then it is easier to filter out this trust to the clients we work with. This also involves being able to take responsibility for the decisions you make. There should be a connection between a person and a decision made, so that you can be fully sure that everything fits well together. Take AI, for example: a lot of the decision-making is delegated to a mechanism that you cannot really hold accountable. That would impact the credibility of your position as an asset manager.

Other than that, it is about prioritizing client interest, being honest about your capabilities, and demonstrating commitment to showing up again and again. It takes years to build trust and only a day to ruin it. So, it is very important to keep and maintain it with dedication.

What do you mean by being honest about capabilities?

When we are talking to a client, we provide financial information and inform them about the historical trajectory of their investments and their potential future outcomes. We try to talk about what we can achieve and our potential shortcomings. We are showing them an unvarnished picture of the situation. That's different than simply displaying a glossy image, which would be dishonest, and in most cases, clients can see through that. The key to building trust is being completely honest about what we can provide. And showing that, within the limits of what we can achieve, we have client's best interest at heart.

Sustainability is the same. We give them facts, and the facts we provide are unbiased and independent. We give them both sides of the story—the positive outcomes and the potential unintended consequences. For instance, if we are trying to sell a fossil-free product, we tell them if the oil prices go up, their portfolio is not going to do so well. That is in fact an intended consequence of sustainable products; however, we need to be transparent about the whole range of consequences of being sustainable and we should be able to explain to clients why. ○

I can say that trust is a red thread that connects all these different contexts, despite their differences.

— Spiros Alan Stathacopoulos

Sunniva Bratt Slette

Senior Portfolio Manager

Sunniva Bratt Slette is part of Storebrand's Solutions fund team, manages the Smart Cities fund. She brings a broad perspective to the issue of trust, having begun as a sustainability analyst before moving on to her current role as a fund manager.

What is the role of trust in your work as a portfolio manager?

Trust is at the core of what we do, and it is at the core of Storebrand's business model. When a client decides to work with us, they are relying on us in decisions that impact their money. And we manage this money for our clients' future well-being, by investing in companies that we believe offer the best opportunities.

Another aspect of our business where trust becomes important concerns our relationship with current and potential investee companies. We as the portfolio managers need to trust the information that we get from companies. Only then, can we make the best possible investment decision.



Value beyond return is the extra mile we go when it comes to ensuring solid long-term financial returns alongside sustainability-related considerations.

— Suniva Bratt Slette

For the Solutions team, a portfolio company needs to present solid financial performance and a solution to an environmental or social problem. How do you trust that a company is doing both?

One problem that we need to pay close attention to is greenwashing. This usually happens when companies overstate their sustainability impact and try to ride the wave of sustainability orientation that clients and portfolio managers have. To make sure we do not fall prey to greenwashing, we need to ensure that the company is accurately describing and communicating its impact, both qualitatively and quantitatively. This requires us portfolio managers to really dive deep into the core of the company's product or service and see whether their future ambitions, targets, and milestones are actually aligned with reality. This is one of my favorite parts about being a portfolio manager for Solutions: I enjoy analyzing and evaluating a company not just by looking at its financial statements but also through a deep dive into its business model and proposed technology.

This internal research requires strong collaboration between different portfolio managers of our Solutions team. Most of our themes involve a company's product or services addressing more than one problem, so it really helps when I talk with my colleagues in evaluating a company's health and future. We also draw on the expertise of other Storebrand teams and external networks.

What about clients, how do you establish trust with them?

The fundamental tool is delivering what we say we will deliver. Also maintaining our integrity, which is the most important asset that we have. We have honest communication with our clients: we explain our investment process, showcase how we think and what our underlying assumptions are, and explicitly state what we look for both in terms of sustainability and financial viability. That way, our clients can be sure we have a replicable, resilient process that can be maintained over time, and which presents value beyond return.

Value beyond return is the extra mile we go when it comes to ensuring solid long-term financial returns alongside sustainability-related considerations. We focus on maintaining the integrity of our sustainable investing perspective through active ownership strategies, like engaging with companies and following up with them during their reporting seasons. Maintaining the value, including and beyond financial returns, bolsters the confidence that our clients place on us.

What is inspiring you these days?

I have been spending some time looking into artificial intelligence. Like most, the topic intrigues me as well. I think we are just on the verge of seeing what we can do with AI, and as a portfolio manager it is fascinating to follow how our portfolio companies are integrating these tools into their own operations.

While AI promises more efficient management of resources and of distribution of energy and products, as well as more tailor-made services, I am still cautious about the ethical implications. However, we are also seeing positive signals on this too: In the US, where many leading tech companies are based, the Biden administration met with the leading AI companies in late July to launch voluntary commitments on ensuring safety and impartiality of AI products. It is inspiring to see potential pitfalls of this quickly developing technology are addressed.

Personally, I am getting inspired by nature reserves these days. I spent most of my summer in the Norwegian mountains hiking and I was able to clearly see and feel the importance of protecting nature and biodiversity. Spending time in nature and appreciating the wilderness made me realize once again how important it is to protect our ocean and land ecosystems. ○

Anna Jönsson

**CEO Storebrand Asset Management
Sweden Branch**

Anna Jönsson has been recently appointed the CEO of the Swedish branch of Storebrand Asset Management. A certified Financial Analyst (CFA), Anna has worked in a number of roles in financial institutions. Here are a few of her thoughts on the role of trust in the sector.

What is the role of trust in what you do?

In our business, trust is everything. Our clients are not experts on every aspect of investment, and this is fast-evolving area, so it's important that they feel that they can outsource the management of their portfolio to us. So that means we need to first earn their trust and then live up to their expectations. An important way of doing that is through being honest and transparent, delivering on our role and our promises, and having good dialogue with all clients.

How do you get more familiar with your clients, to cater to their needs?

We have a process of defining certain characteristics of clients, such as their

That means we need to first earn their trust and then live up to their expectations.

— Anna Jönsson

regulatory contexts, solvency needs, and sustainability requirements, which helps us quickly understand their priorities and needs. In addition, we also try to bring them together to collectively define their needs, so for example it is better if a group of insurance companies work together to define and communicate their needs to us on sustainability, so that we can better deliver on their priorities.

I always tell my clients their potential of engaging with us and asking for changes is much higher if they collaborate because then their needs are more clearly defined and it's easier for us internally to shape products and value propositions to fit those needs.

How do you build trust with Swedish clients?

Building trust in Sweden is different than some other markets, because clients get a very high level of scrutiny from the Swedish media on the issue of sustainability, and often the coverage may be highly binary and lacking nuance. Take for example the issue of decarbonization: the fossil-free movement here in Sweden gets high levels of media attention and influences institutions, politicians, individuals that have exposure to these sectors. In my opinion, this has to some degree hampered Swedish clients' adoption of investments in decarbonization transition assets. Consequently, as an asset manager in this market, we have to display a high level of transparency on our approach to sustainability, our commitments and our progress towards various goals.

What is inspiring you these days in and outside of the sector?

I am part of an all-female Swedish financial network called **KvinnoKapital** in which more of the members are steadily moving into senior positions. Our network has become really flourished and started to have real business effect. That's fantastic. It's also very inspiring to see my teammates step up to new responsibilities and contribute to developments here in our Swedish branch of Storebrand Asset Management. Also, on a personal level - it is going to be very challenging to practice for this and participate in—but in March next year I want to compete in the Vasaloppet, which is the world's biggest cross country skiing race in terms of participation. It's a 90-kilometer course throughout Sweden and it should be a lot of fun. ○



Solutions /

SOLUTIONS

Aiming to build long term value
by addressing key global challenges

Square pegs in round holes

Text / Lauren Juliff and Henrik Wold Nilsen

Why corporate carbon emissions disclosure standards aren't working as intended for investors

Employing a perfectly good tool in a way that it was never intended to be used can be frustrating. It's a familiar feeling for investors in climate transition solutions, particularly those who are applying the new ISSB sustainability disclosure standards, IFRS S1 and IFRS S2.

Recently, the International Sustainability Standards Board (ISSB) launched its first-ever sustainability disclosure standards, IFRS S1 and IFRS S2, aiming to "improve trust and confidence in company disclosures about sustainability to inform investment decisions."¹ This move by the ISSB is a step forward in creating standardised corporate climate disclosures targeted at providing financially material, decision-useful information for investors. Although adoption across global jurisdictions remains a work-in-progress, and the ISSB focuses solely on single materiality in contrast to the double materiality approach being taken in European standards, the IFRS S2 standards serve as a useful global baseline for company reporting.

However, climate datasets currently require keen scrutiny by investors. Climate risk is an evolving concept and the regulatory environment for companies and investors is changing rapidly. The data and regulations regarding corporate climate risk disclosures must also evolve and improve on this baseline, in order to avoid unintended consequences and remain useful and relevant.





→ **Our latest research shows** that Scope 1-3 emissions data does not necessarily provide a good indication of company or portfolio climate transition risk, or 'Paris alignment'.

Hidden traps in climate data

Storebrand Asset Management's research on systematic incorporation of corporate climate data into portfolio construction has highlighted risks from uncritical use of corporate climate data. Our latest research shows that Scope 1-3 emissions data does not necessarily provide a good indication of company or portfolio climate transition risk, or 'Paris alignment'.

Take the example of heat pumps: they are described by the IEA² as the solution to household heating issues in the context of climate mitigation, replacing gas boilers. Even though heat pumps offer a sustainable solution to heating problems, and the IEA predicts huge global growth in the market, heat pump companies report high Scope 3 emissions. The same goes for companies making other products that will be required in an electrified economy, such as LED lights and parts for electric vehicles (EVs). The reason is that the electricity powering these products is currently being reported based on the emissions of a fossil-fuel-powered grid. If an investor focuses on carbon emissions data in its portfolio construction, without accounting for the grid dependence of heat pumps and other products for economy electrification, they may decide not to invest in solution companies that are vital to the low carbon transition, based on these companies' high Scope 3 emissions.³ This shows how integrating Scope 3 emissions, without accounting for the avoided emissions (Scope 4) from using new technologies rather than old combustion dependent technologies, might result in climate solutions companies being underweighted or even screened out.

The new IFRS S2 standard requires companies to disclose absolute gross greenhouse gas emissions, measured in line with the GHG Protocol, including Scope 3 emissions. Storebrand Asset Management welcomes the reporting of Scope 3 emissions and encourages companies to track and manage those emissions as part of their science-based target setting and delivery. This is critical for real world emissions reductions and meeting the goals of the Paris agreement.

New regulations in Europe (SFDR) require investors to disclose and, in the case of EU benchmark regulations, to reduce/decarbonise portfolio emissions at 7 per cent annually, using the same GHG Protocol Scope 3 standard. This can create unintended consequences in portfolio construction—specifically directing assets away from climate friendly solutions, in direct contradiction to the aims of the investor regulations and the Paris agreement goals.

The GHG Protocol Technical Guidance for Calculating Scope 3 Emissions⁴ was designed for companies to understand and manage their value chain emissions. However, this company reported data is now being used by investors as an indication of the financially material transition risk associated with investing in a company. The current reporting standard, when applied indiscriminately across all sectors and products, is not fit for this purpose of transition risk indication.

The existing accounting framework assumes combustion related emissions from fossil fuels are equal to indirect emissions from, for example, climate solutions technology and associated products.

Distinguishing between data to improve portfolio construction

Our recently published white paper on this topic⁵ provides further context and examples of how the problem presents itself in portfolio construction. In short, whereas the GHG Protocol's suggested calculation formula 11.1 (CO₂ emissions from use of sold products) is appropriate and necessary when applied to fuel combustion and GHG leakage, it creates an unwarranted risk signal when applied to products involved in the electrification of the economy, which is necessary for the low carbon transition. New guidance from the SBTi⁶ on supplier engagement helps companies with upstream decarbonisation but does not address the investor-related issue associated with downstream emissions reporting.

The distinction between categories of Scope 3 emissions is important for understanding climate risk exposure. When it comes to Category 11 (use of sold products),

which is a dominant source of Scope 3 emissions in global equity portfolios, a distinction should be made between those emissions which will be reduced over time via the actions of others (e.g., transition of the electricity grid to low carbon), and those which cannot be reduced due to the nature of the product (e.g., oil consumption for transportation). The existing accounting framework assumes combustion related emissions from fossil fuels are equal to indirect emissions from, for example, climate solutions technology and associated products—but the current grid mix should not be a reason to pull back on developing, or allocating capital to, transition-necessary technology.

The climate risk associated with suppliers to the grid does not propagate through the grid to downstream consumers of the grid, as the grid is being decarbonized over time with limited consumer action. For oil, there is no energy-grid intermediary, and the product intrinsically leads to emissions—whereas electrons in the grid are not coupled in the same way to fossil fuel emissions.

A useful short-term workaround

We are far from having standardized, accurate or widely reported Scope 4 emissions data. Further, as illustrated in recent research from King's College London, emissions factors used in company reporting are varied and often inaccurate. However, we believe there may be a short-term solution to help investors better understand climate risk exposures.

The GHG Protocol has indicated that it is updating the Scope 3 standard and will engage with stakeholders in this process.⁷ We have written to the GHG Protocol with the following proposal:

Category 11 in the Scope 3 technical guidance, use of product, could be separated into two parts: Category 11a would deal with combustion-related and GHG leakage emissions, while Category 11b would address grid-related indirect emissions that would be diminishing following the shift to electrification. Investors could then choose to treat Category 11b as separate to Category 11a in portfolio construction. For example, investors could



→ Investment in climate transition enabling products like heat pumps might be discouraged by their high Scope 3 emissions.

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[5] Storebrand: The Paris Alignment Paradox

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discount Category 11b, to achieve a proxy for the climate risk of the sold product in a fully decarbonised future electricity grid, or to compare relative climate risk of alternative solutions and products.

We believe this simple near-term solution will address a capital allocation problem for investors while datasets, reporting standards and regulations continue to evolve. This is currently an underappreciated yet highly valuable stance for achieving transition, and we try to spread our perspective through public and targeted engagement activities. In August, Storebrand Asset Management is meeting with the GHG protocol to emphasize our proposed solution, acknowledging the importance of taking a nuanced perspective on Scope 3 emissions en route to transition. ○

The Paris Alignment Paradox: Scoping Out Solutions

Text / Lauren Juliff and Henrik Wold Nilsen



Investors should carefully consider
the scope and source of emissions
reported by companies, to make more
optimal portfolio decisions.

A

recognition that Scope 1 and 2 emissions provide an incomplete picture of climate risk has led regulators and industry bodies to focus on incorporating Scope 3 data into portfolio decarbonization pathways. **EU-defined** Paris Aligned Benchmarks (PABs), for example, must now incorporate indirect value chain emissions into their annual 7% decarbonization requirement for most sectors.

Despite their laudable aims to avoid "counterintuitive results", "prevent greenwashing" and "reallocate capital towards climate-friendly investments", the inclusion of Scope 3 data provides a sub-optimal indication of portfolio climate risk exposure and causes perverse allocation decisions by investors. **EU-defined** Paris Aligned Benchmarks (PABs), for example, must now incorporate indirect value chain emissions into their annual 7 per cent decarbonization requirement for most sectors.

The financial services industry is fixated on the need for better Scope 3 data to improve investment decision-making, but data quality is not the only problem. The problem lies in the systematic application of a measure, Scope 3, which was not designed to evaluate company transition risk exposure for all sectors—and in the absence of reliable Scope 4 data.

For many sectors, like fossil fuel production, adding Scope 3 gives a far better proxy for a company's climate risk than using Scope 1 and 2 alone, and Storebrand welcomes the reporting of Scope 3 data from our investee companies. However, for companies offering climate solutions based on electrification, adding Scope 3 gives a highly distorted impression of climate risk, both for the company in question, and also for an investment portfolio investing in the company.

Set by the **GHG Protocol**, the Scope 3 accounting framework aims to help businesses make emission reductions in their value chains, rather than informing investors' decision-making. **SBTi's** increased emphasis on Scope 3 inventories and targets is similarly helpful in facilitating real-world emissions reductions.

The Scope 3 emissions standard is complex, with 15 underlying categories covering a diverse range of upstream and downstream activities plus substantial differences in materiality across industries. Our analysis indicates that the major sources of Scope 3 emissions for nearly two-thirds of companies in the MSCI World Index derive from only two categories, purchased goods and services (Category 1) or the use of sold products (Category 11)¹.

Paris mis-aligned

Investments in economy electrification must multiply seven-fold by 2050 for alignment with the IEA net zero scenario², with electrified heat, transport and grid expansion requiring the greatest capital. Current Scope 3 reporting standards require companies producing heat pumps, EV technology and grid cables to report the total emissions from electricity consumed across the lifetime of their products. Companies tend to estimate those lifetime emissions using a CO₂e emissions factor based on the existing, fossil-powered grid.

This makes sense as an indicator of where value chain emissions reside—so companies seek cleaner, greener providers—and to understand the financially-material risk associated with investing in fossil fuel companies, as their products must ultimately be replaced by new energy sources.

However, for companies facilitating electrification, Scope 3 emissions from projected lifetime product-use (which can often dwarf those from oil and gas majors) are not a sensible measure of climate risk. Our analysis shows that their misuse causes many PAB index trackers to zero-weight companies in these growth industries needed for a Paris-aligned economy, in direct contradiction with the benchmarks' capital allocation goals.

Dubious data

This Scope 3 data challenge is closely connected to the absence of reliable Scope 4 data. For the economy electrification product examples provided in this paper, Scope 4 figures would present a large positive signal resulting from the "avoided emissions" achieved. For example, the avoided "Scope 4" emissions from using a heat pump, relative to a gas boiler, vastly outweigh the use of product "Scope 3" emissions from the heat pump, even in regions where the electricity grid is emissions intensive. In an ideal world, Scope 3 and Scope 4 could be combined with Scope 1 and 2 for optimal portfolio alignment outcomes. But Scope 4 is even more difficult to define than Scope 3—as it involves assessing the full range of climate solutions and all potential future climate outcomes—and it is too open to manipulation for corporate reporting purposes. This approach requires specialist oversight to ensure proper distinction between categories of Scope 3 emissions and avoid further unintended consequences.

About GHG emissions scopes

First used in the Green House Gas Protocol in 2001, the scopes are commonly used as a standard framework to account for the emissions of entities such as businesses or governments, internally and across their value chains.

Scope 1: direct emissions, from a company's owned or controlled sources of energy.

Scope 2: indirect emissions, generated by the company's suppliers, in order to create the energy it buys from them.

Scope 3: indirect emissions not included in scope 2, that occur in the value chain of the company, including both upstream and downstream emissions

Scope 4: emissions avoided, by the users or customers of the company, through the use of its products

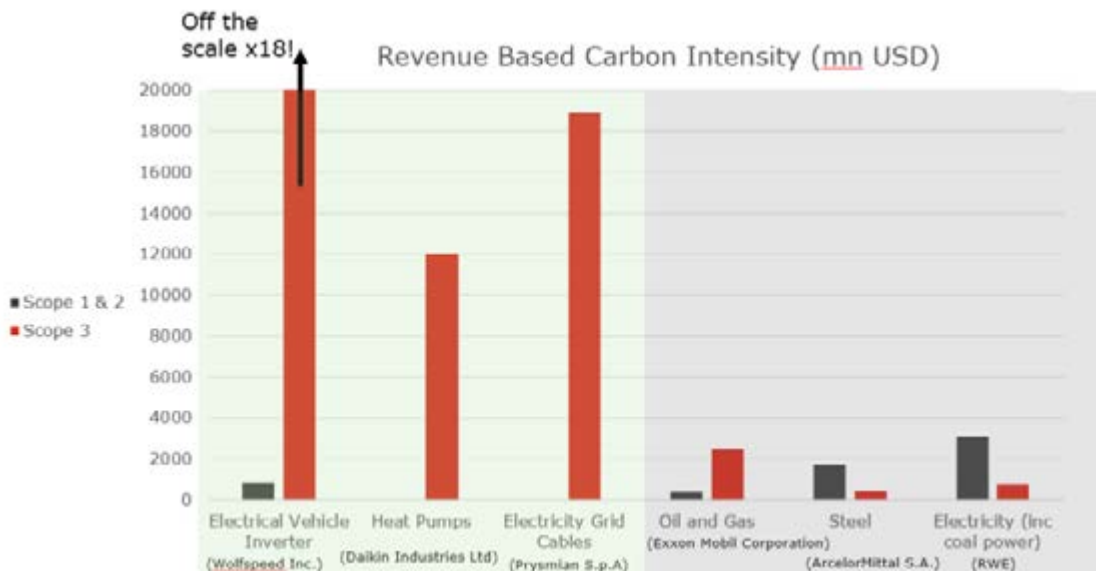
Key issue: While Scope 4 emission can be misused or misrepresented for greenwashing purposes, they are a vital tool to help pinpoint companies that make it possible for other companies and industries to successfully decarbonize.

References

[1] Storebrand analysis of 968 companies in MSCI World (accounting for 76% of index weight) with CDP sourced Scope 3 data in Bloomberg, as of March 2023.

[2] Bloomberg New Energy Finance: Energy Transition Investment Trends 2023.

Reported Carbon Intensity ≠ Climate Transition Risk



← Source: Storebrand, Bloomberg. Company data for Financial Year 2021. Note: EVIC based Carbon Intensity metric required by EU for PAB/CTB regulations. We use revenue-based carbon intensity in portfolio construction and client reporting due to volatility and growth style bias associated with EVIC based metric, as observed in our internal research.

Some Scope 3 emissions, such as electricity generation, may be out of the control of the company in question but will be expected to reduce over time as the grid decarbonizes. Other Scope 3 emissions, such as F-gases in heat pump technology, are a potential area for engagement with companies and policymakers to ensure good practice, avoiding leakages and managing end of life disposal, and ultimate phase out.

A better way

A better near-term solution would be to adjust the Scope 3 emissions accounting framework. Category 11, use of product, could be separated into two parts: Category 11a would deal with combustion-related and GHG leakage emissions, while Category 11b would address indirect emissions from consumed electricity. Investors could then choose to ignore Category 11b to improve alignment between Scope 3 emissions and company climate risk.

The focus on rigid decarbonization pathways as a defining feature of "Paris alignment" is discouraging investors from aligning with the technological transition to greener solutions. Economy decarbonization is crucial but uncritical use of data must not hinder rapid uptake of climate solutions. With investors increasingly encouraged to report Scope 3 emissions, we urge them to consider the source and category of those emissions for capital allocation purposes.

Corporate emissions datasets should not be used at face value. Thoughtful, expert use of climate data is required to understand portfolio risk exposures and allocate capital in line with the goals of the low carbon transition. ○

The problem lies in the systematic application of a measure, Scope 3, which was not designed to evaluate company transition risk exposure for all sectors—and in the absence of reliable Scope 4 data.

→ This opinion piece is based on "[The Paris Alignment Paradox — Scoping out solutions](#)", a research paper recently by Storebrand Asset Management.

Source: Colourbox



Urban biodiversity

Momentum is growing, with companies offering solutions to the challenge of promoting biodiversity in cities.

During the 15th Conference of the Parties by the UN Convention on Biological Diversity in Canada, the **Kunming-Montreal Global Biodiversity Framework**, popularly referred to as the "Paris Agreement for Biodiversity", was agreed upon by the UN Nations. The agreement holds similar goals and commitments on the preservation of natural habitats and biodiversity as the better-known Paris Agreement from the UN Climate Change Conference (COP21) in 2015, which focuses on emission cuts and climate adaptation. The **biodiversity agreement** earmarks USD 200 billion by 2030 to be used on biodiversity measures, and to establish subsidies of another USD 500 billion for nature. **As Storebrand Asset Management CEO Jan Erik Saugestad noted at the time**, this agreement appears to be a pivotal moment for the relationship between finance and nature.

Since then, it could be argued, momentum seems to be growing. Several cities have now signed a dedicated agreement for cities to fast-forward the biodiversity of urban areas called **C40 Urban Nature Accelerator**. Focusing on how to incorporate biodiversity considerations in all urban projects, the desired outcome will be both to safeguard current species and attract new ones. The ultimate questions centre around a core of issues, such as:

- How to improve and harvest ecosystem services like pollination
- Shade to keep temperature rise in check
- Oxygen production and CO₂ removal
- Pollution reduction and natural sponges of water to prevent flash floods

Re-attracting native species of flora and fauna is essential, in order to solve these challenges. Several solution companies in the Storebrand Smart Cities portfolio have biodiversity-promoting activities as a part of their business models.

Some interesting examples include the green roofs of Swedish building materials company Nordic Waterproofing, the Canadian engineering and architecture company Stantec's urban oasis projects with regeneration of nature in cities, the wildlife corridors of the Dutch engineering firm Arcadis, Japanese homebuilding company Sekisui House's practice to integrate local tree and plant species in all homebuilding projects and the biodiversity monitoring and management systems of the Spanish infrastructure construction firm Acciona.

A recently acquired position in the fund with a stellar record of biodiversity considerations in construction is the Swedish engineering services company SWECO. The firm specializes in environmental technology and architecture, integrating urban planning and IT solutions in construction with a deep understanding of how more nature-based solutions and biodiversity positively affects human health as well as safeguards the environment.

Continuing on the theme of biodiversity, the 22nd May this year was the **International Day for Biological Diversity**, as declared by the United Nations. The day is marked annually to promote understanding and awareness of biodiversity issues. It's worth paying attention to every year, to gain a feel for where the issue of biodiversity is headed, and its growing presence on the agenda in many countries and sectors. ○



Sunniva Bratt Slette
Portfolio Manager,
Storebrand



Advancing sustainable finance in Oslo

Candid views and insights were shared by Norwegian and global finance leaders at The BI ESG Conference

On April 13, 2023, BI Norwegian Business School hosted the **BI ESG Conference in Oslo**, in collaboration with Storebrand Asset Management. Funded by Finansmarkedsfondet and the Norwegian Finance Initiative, the event assembled leading Norwegian and international academics, asset managers and thought leaders, to discuss several issues in sustainable finance.

The conference, organized by Professor **Paul Ehling** at BI Norwegian Business School and **Lars Qvigstad Sørensen** at Storebrand Asset Management, was divided into two parts. In the first part, leading experts in science, academia, and financial services gave an assessment of the science underpinning sustainable finance. In the second part, thought leaders from Bernstein, Blackrock and London Business School discussed several of the pressing issues in ESG today.

The conference started with **Robin Wigglesworth**, Editor at FT Alphaville who gave the opening remarks and also interviewed the three first speakers.



→ According to **Glen Peters**, one of the conference participants, there is a finite budget for global carbon emissions.

The first talk was by **Dag Hessen**, Professor of Biology at the University of Oslo, in which he assessed the state of affairs for nature. Although biodiversity is threatened, his talk offered glimpses of hope.

The second talk was by **Glen Peters**, Research Director at CICERO. He assessed climate risk with scenarios. According to Glen Peters, since the carbon budget is fixed, a different scenario for oil will require a different scenario for other sectors.

Anne Maria (Mia) Eikeset, Lead Researcher at NBIM detailed why understanding complex adaptive systems is important. She also offered a unique perspective of how the world's largest sovereign wealth fund works with ESG.

The conference also featured a panel discussion about biodiversity with **Zhihan Ma, CFA**, Global Head of ESG at Bernstein, **Anne Maria (Mia) Eikeset**, NBIM, and **Jan Erik Saugestad**, CEO of Storebrand Asset Management. Saugestad having recently returned from the UN Biodiversity Conference in Montreal offered insights from how a landmark biodiversity agreement was reached and asset managers' role in it.

The afternoon session kicked off with **Andrew Ang**, Managing Director at Blackrock — Sustainable Alpha. He showed how new and alternative datasets pertaining to ESG can be used to create alpha, i.e., abnormal excess returns. **Lars Qvigstad Sørensen**, Senior Portfolio Manager at Storebrand Asset Management was discussant.

Later, Zhihan Ma, CFA, Global Head of ESG at Bernstein talked about whether to exclude or to engage with companies that engage in activities not aligned with a sustainable investor's preferences. She was joined by Isabelle Juillard Thompsen, CFA, Portfolio Manager at DNB for a discussion.

Alex Edmans, Professor at London Business School, held the last talk. Appropriately, he wrapped up by discussing the beginning, the end, and the future of ESG. Annie Bersagel, a Portfolio Manager ESG at Folketrygdfondet, discussed these issues with Alex. ○

The conference gathered leading academics, asset managers, and thought leaders for a discussion of the most important issues in sustainable finance.



Lars Qvigstad Sørensen
Senior Portfolio Manager,
Storebrand

Active Ownership /

ACTIVITY

Dialogue, collaboration and shareholder voting,
to advance our sustainability objectives

The Northern way

How can we integrate Nordic values into active ownership?

↑ Nature's importance for climate solutions is an area that Nordic investors agree on



Jan Erik Saugestad
CEO Storebrand
Asset Management

Earlier this summer, I participated in the **NordicSIF conference** that gathered CEOs from leading sustainable investing institutions based in the Nordics. After two days of fruitful conversations on the environmental and social risks and opportunities of a just transition, an important sentiment coalesced: We are steadily facing more complex systemic challenges, such as the wicked problems of climate and biodiversity, which require urgent transformation within some of the world's largest companies. Many investors share the same urgency and priorities. What naturally emerged from this is a feeling that we need more collaboration between the Nordic investors to bring about meaningful change on the path to a just transition.

The Nordics have long intrigued others around the world — often, academics and policymakers point to us to as living proof that it is indeed possible to develop healthy economies with high levels of social well-being. Outsiders are often inspired by the Nordics: from the concept of "hygge" that the Danish and Norwegians have of adapting to make the cold northern winters more bearable; to the growing "aufguss" culture that draws from the Finnish passion for saunas; and Norwegians' cultural relationship to nature as a place for all, including a trust-based payment system in its broad network of wilderness hiking cabins where visitors themselves are responsible for noting the supplies they have used and then paying later.

Personally, I find it interesting how German historian Bernd Brunner describes the Nordic nations. In his book "Extreme North" where he shares stories of how different people perceived the North, Brunner noted how, through trading valuable commodities, the Nordic people moved from being "fearsome barbarians" to "trustworthy merchants with whom good business could be done."

Nordic characteristics

It is exactly this aspect of the Nordic mindset that we should lean in to even more: we aim to be known as trustworthy agents that act ethically and do good business, to build mutually shared value. This positioning stems from certain Nordic characteristics:

First, Nordic countries are stable democracies that show consideration for the individual, in terms of fundamental rights and liberties, as well as providing social safety. We set a good example for what

should be the baseline practice everywhere, and we are willing to share insights on how others can succeed using the same tactics.

Second, the Nordic countries are nature-dependent, for example, Sweden and Finland being reliant on forestry and Denmark on agriculture. These unique dependencies on nature, drive a shared sensibility among Nordic institutions regarding sustainability challenges we face today in the world of business and finance.

Third, there is a sense of trust between different Nordic governments and institutions that allows them to successfully collaborate, applying their power and influence to amplify their impact when tackling their shared concerns.

Shaping mutually beneficial solutions

We should aim to engage companies in the Nordics and around the world on sustainability, building on the context and values in which we have developed.

For example, in a situation where closing a coal power plant or mine could directly reduce emissions, but also wipe out scarce employment prospects for people in the local community, complex dialogues between many interest groups are necessary. It is important to not simply impose a position, but instead to build a shared perspective together with partners and stakeholders.

Here the lengthy Nordic experience of engaging in broad multi-stakeholder dialogue to build sustainable business models is an asset. That has been reflected in our stance on the recent conflict in Norway, between the developers of a wind farm providing much-needed renewable energy, and the indigenous Sami people of the area, who have a right to preserve their traditional way of life. Here, as elsewhere, we insist that the companies we are invested in, fulfil their responsibility to respect the indigenous people's rights and engage them constructively to together land on the most equitable solution.

Why does it matter?

One could ask: why does it matter to have a Nordic collaboration in engagement and dialogue? Here, I think this increased importance stems from two reasons.

As I mentioned earlier, it's a natural responsibility, rooted in our culture. Yet, at least to some degree, a Nordic movement in active ownership is also a response to the developments outside the Nordics. Take the polarization and politicization of ESG investing, which is developing in the United States, for example. In the past months, things have reached a point where you can be applauded for your ESG integration in twenty states, while simultaneously being excluded in the other states. That's not what the world needs right now.

Thankfully, in the Nordics we have more of a consensus that ESG integration is good for business, society, and the environment. It's important to present a united front towards the companies we invest in, on this critical aspect of the business. We must emphasize to our portfolio companies that as investors we *do* integrate sustainability and that we strongly believe it improves the long-term risk-return profile of our investments in them.

Given that even some major global players in our sector are emphasizing the importance of Nordic investors in leading sustainable investments, it's essential that we take ownership of our Nordic heritage, to ensure the best for current and future generations of stakeholders. ○

Progress at Nippon Steel

World's fourth largest steel company takes strides towards green steel

A group of investors comprising of Storebrand Asset Management, Man Group, Corporate Action Japan (CAJ) and the Australasian Centre for Corporate Responsibility (ACCR), has been co-engaging with **Nippon Steel** in recent months with a focus on enhancements to decarbonisation.

Significant step

Progress has been made, as was noted this May, when at its FY2022 Earnings Announcement, Nippon Steel committed to the start of studies to shift from a blast furnace (BF) steelmaking process to an electric arc furnace (EAF) steelmaking process, with the Kyushu Works steel plant in Yawata, and the Setouchi Works steel plant in Hirohata, identified as candidate sites.

At the time of the announcement, Victoria Lidén, Senior Sustainability Analyst at Storebrand Asset Management, noted: "To ensure the realization of their long-term climate objectives, companies must display ambitious action in the near future. Accelerated progress prior to 2030 is imperative to establish a credible decarbonization of the steel industry, ultimately leading to net neutrality by 2050.

As shareholders, we value the constructive dialogue and engagement with Nippon Steel regarding these matters and find encouragement in this announcement.

Aligning with decarbonization targets

In dialogue with Nippon Steel, the co-engagement group understands that Nippon Steel intends to align with the decarbonisation targets of the company, through converting blast furnaces that reach the end of their life into EAFs, or taking measures such as retrofitting them to ensure real emissions cuts at scale.

The group also understands that Nippon Steel intends only to temporarily prolong the life of the BFs that use conventional technology, where economic, maintenance or safety matters stand in the way of immediate conversion.

These new commitments are in line with the expectations of investors that the company set a credible decarbonisation strategy to promote the long term value of the company.

The co-engagement group also welcomes Nippon Steel's statement that a stable supply of green hydrogen and green power — in other words, renewable energy — is needed as a key input to achieve its target of carbon neutrality. ○

Leading call for a just transition

Storebrand leads World Benchmarking Alliance's engagement stream with Equinor, as part of collaboration with 53 investors on just transition in oil and gas sectors

Stoebrand, as part of the **World Benchmarking Alliance** ("the Alliance"), has joined with 53 other major investors, in a formal demand for plans to ensure just transition in the oil and gas sector.

The Alliance and its signatory investors sent a letter of expectations to ten oil and gas companies, including Equinor where Storebrand is the co-leader of the engagement on behalf of the group. Storebrand has a special interest in Equinor, as it is the only Nordic company that is being engaged in this round. The dialogue with companies will continue in the next few months.

The engaging parties' main asks are:

1. Companies should lead meaningful social dialogue and stakeholder engagement on just transition
2. Companies should develop and implement just transition plans, which respect and promote fundamental rights of workers, communities, and other affected stakeholders
3. Companies should minimize the impact of employment dislocation caused by the low-carbon transition
4. Companies should ensure social protection by fulfilling their tax duties and by managing the consequences of transition over stakeholders
5. Companies should advocate for policies and regulations supporting just transition, and not undermine policies that promote just transition

The World Benchmarking Alliance is a non-profit organization seeking to hold more than 2000 companies accountable for their part in achieving Sustainable Development Goals. Recently, it enlisted major investors to support its engagement regarding the social impacts of transitioning to a low-carbon energy system. In its initial assessment, the Alliance drew attention to the lack of action from companies when it comes to identifying, preparing, and mitigating the negative impacts over workers employed in the oil and gas industry, who are at an increased risk of unemployment. ○



Emine Isciel
Head of Climate and Environment

An Avoidable Environmental Disaster

Allowing deep sea mining would pose severe systemic risks to marine ecologies

Earlier this summer, the Norwegian government proposed opening an area of ocean nearly the size of Germany to deep-sea mining. If ratified by the Parliament, Norway becomes the first country to extract metals from its sea floor. At first glance, deep-sea mining may sound like an opportunity. Cobalt, lithium and rare earth metals can be extracted from deep-sea mining, at a time when these metals are in dire need for the net-zero carbon transition.

Although we need these kinds of minerals to combat climate change and for the transition to a green economy, there is a growing recognition that a sustainable energy transition cannot be built at the cost of destroying nature. The decisions we make today need to benefit both climate and nature. The Global Biodiversity Framework which was adopted last year, sets out an ambitious and synergetic agenda, calling on stakeholders to keep in mind the intricate linkages between biodiversity and climate change when taking actions.

Ocean health is under increasing stress, faced with the triple crises of climate change, nature loss, and pollution—exposing the industries, businesses and livelihoods that rely on the ocean to serious risks. Despite the fact that commercial deep-sea mining has not yet commenced, current scientific consensus suggests that deep-sea mining will be highly damaging to ocean ecosystems. Plans to mine this unique and complex area would create irreversible ecosystem and habitat loss, as well as permanently destroy invaluable carbon storage.

We strongly believe that the ocean is worth more than just the value of its finite resources. That is why we have signed the WWF call for a global moratorium on deep-sea mining, and why we

encourage our peers to choose alternative strategies rather than supporting growth of the nascent and highly risky deep-sea mining sector.

At present, no robust, precautionary approach exists to safeguard the ocean against the potential ecological impacts of deep-sea mining. Storebrand will therefore not invest in companies involved in deep-sea mining until we have more scientific knowledge on the impacts of these activities. Significant challenges must be overcome before the sector can be recognised as environmentally and economically sustainable. These challenges present potential investors with immense risks.

Alternative solutions already exist. We are working with our investees to reduce the environmental footprint of terrestrial mining and support the transition toward a circular economy that promotes the reuse of raw materials in the economy, making current minerals demand obsolete. From battery manufacturers to EV producers, companies are making moves to reduce perceived dependence on minerals, including those from the deep sea. Reducing consumption of these minerals is just one piece of the puzzle.

Seldom do we have an opportunity to stop an environmental crisis before it begins. This is one of those opportunities. ○





United Against Deep-Sea Mining

**Finance for Biodiversity members
send urgent investor statement
to International Seabed Authority**

The **Finance for Biodiversity (FFB) Foundation**, in which Storebrand has played a leading role, rallied its members in July to help successfully fend off the risk that the International Seabed Authority (ISA), could have approved commercial deep-sea mining.

International Seabed Authority (ISA), is an intergovernmental body that has global authority to regulate activities that include sea-bed extraction. The agenda for this year's ISA annual meeting included over a proposal by several countries to discuss a preventive pause on deep-sea mining to ensure protection of marine environments.

The scientific consensus is that allowing deep-sea mining would pose grave, systemic and unnecessary risks to the environment. These risks in turn could have severe negative consequences for marine life and the economic activity that depends on marine ecosystems.

Stopped deep-sea mining approval

The Global Financial Institutions Statement to Governments on Deep Seabed Mining, coordinated by the FFB, representing over EUR 3.3 trillion of combined assets, **was released** ahead the annual meeting of the Seabed Authority (ISA), held on July 24-28, 2023. In the annual meeting, the ISA could potentially have granted commercial authorisation for deep-sea mining for the first time.

The ISA meeting concluded without any approval for companies to start industrial-scale mining, with the organization instead agreeing to conduct formal discussions next year on protecting marine environments.

Science-based concerns

In the joint statement, the investors urged governments to protect the ocean and not proceed with deep-sea mining until the environmental, social and economic risks are comprehensively understood, and alternatives to deep-sea minerals have been fully explored.

There is a widespread concern in the scientific community regarding deep sea mining and the irreversible impact it could have on delicately balanced and sensitive, deep ocean ecosystems. Permitting extraction in this uncharted territory would not only destabilise fragile marine ecosystems but also undermine the very foundations of a circular ocean economy.

"We must remember that the deep sea is really one of the very few pristine ecosystems remaining, and to



↑ **Fragile marine ecosystems could be disrupted if the ISA permits deep sea mining**



just open for exploitation without insight is close to madness. There is increasing recognition that biodiversity loss is a true financial risk and something we must consider when we invest in companies", said Jan Erik Saugestad, CEO of Storebrand Asset Management, when the statement was released.

Broad support by financial institutions

The FFB statement was an integral part of a broad outcry by investors, the scientific community, and civil society organizations.

As signatories of the FFB Pledge, the statement is supported by 36 financial institutions that are committed to helping protect and restore biodiversity and ecosystems through their investment and finance activities. The statement will remain open for further financial institutions to sign and will be periodically updated with new signatories at key moments throughout 2023. ○

IPDD working visit to Brazil



↑ The IPDD team during the working visit to Brazil

Representatives of the **Investors Policy Dialogue on Deforestation (IPDD)** Brazil Working Group, including Storebrand, travelled to São Paulo, Brasília, and Alta Floresta in April 2023 for a series of in-person engagements and visits to private and public sector actors. The investors will continue to work with key stakeholders in the new Brazilian government, led by Luiz Inácio Lula da Silva (known as "Lula"). The aim is to encourage adoption and implementation of regulatory frameworks that ensure protection of such natural assets and human rights.

The IPDD, a collaborative investor initiative set up in July 2020, engages with public agencies and industry associations in selected countries on the issue of deforestation. The goal of the initiative is to coordinate a public policy dialogue on halting deforestation. The IPDD seeks to ensure long-term financial sustainability of investments in the countries they are invested in, by promoting sustainable land use and forest management and respect for human rights, with an initial focus on tropical forests and natural vegetation.

Positive early signs from government

The recent election of a new government for Brazil, led by Lula, marked an urgent and critical moment for the world's climate and the future of the Amazon. Lula has vowed to work towards zero



deforestation by tackling crime in the Amazon and guaranteeing the protection of Indigenous rights. But the president-elect, who took office in January 2023, faces an uphill battle to meet these promises. The environmental working group in Lula's transition team, which includes Marina Silva, the environment minister who oversaw a sharp drop in deforestation during Lula's first term, has indicated that environmental law enforcement will be a priority and has spoken of tackling deforestation in Brazil's other biomes.

The investor trip left the IPDD team with many important insights, as well as the recognition that many challenges lie ahead for the new government, including a highly conservative congress. Any new laws in Brazil will need to be approved by Brazil's legislative body. However, the current congress contains a large representation of the agricultural caucus that has historically opposed stricter environmental policies. Over the past months, some concerning developments have occurred, such as the Lower House voting in favor of a bill that limits the demarcation of Indigenous lands (and removes other protections for traditional peoples). One of the government ministries the IPDD met in Sao Paulo was the Ministry of Indigenous Peoples. Lula created a Ministry of Indigenous People in January 2023 on his first day of his new term in office, naming Sonia Guajajara, the leader of the main Indigenous umbrella organization APIB, to head it. About 300 Indigenous groups live on 730 territories that they consider ancestral lands, mainly in the Amazon rainforest, but only 434 of those territories have been officially recognised.

Traceability challenges

Another institution that investors met with, to discuss traceability, was IBAMA, the Brazilian Institute of Environment and Renewable Natural Resources. Traceability is crucial, to ensure that commodity production is not linked to deforestation or forest degradation. However, the era of the previous government, led by Jair Bolsonaro, has left a severely weakened and underfunded state apparatus. As a result, the IBAMA is severely defunded and dismantled from within.

We will continue to support ongoing efforts to improve traceability in Brazil. This will be even more important, now that stricter requirements from consumer countries are put into place. The EU's legislative body — the European Parliament — adopted the new law in April. It means companies will only be allowed to sell products in the EU if the supplier of the underlying ingredients has issued a "due diligence statement" confirming that their commodities are not sourced from deforested land and have not led to forest degradation since 31 December 2020. ○

Child-conscious product design

Storebrand begins collaboration with Global Child Forum on design that boosts children's life quality and self-esteem

The topic of product responsibility is area of growing focus, driven by emerging concerns about the potentially negative impacts of products and services, including social impacts on children. During the second quarter of 2022, Storebrand has begun a collaborative engagement in this area, with the aim of reducing such risks faced by companies in our portfolios.

Therefore, we have, along with Swedbank Robur and the Global Child Forum, begun a joint engagement with 35 companies in the technology & telecommunications; food and beverage; and personal care sectors; regarding the impact of their products on children. The engagement focuses on companies that have been identified as "poor performers" in the benchmarks developed by the Global Child Forum.

For the food and beverage and personal care sectors, the engagement has included yearly impact assessments of risks related to child labour within their in-house operations and supply chain chains; assessments of risks documented in the companies' annual public disclosures; and addressing any issues identified in these assessments.

As part of the engagement, we also asked the companies within the food and beverage and personal care sectors to:

- explicitly consider children as a stakeholder group in the process of developing and marketing products and services
- conduct downstream impact assessments regarding how children are affected by marketing and advertising activities
- build these practices in a way that would contribute to healthy habits and high self-esteem in children

For the technology and telecommunications sectors, we asked the companies to conduct impact assessments on the risks and dynamics of child labour in operations and supply chains, to publicly disclose these assessments, and to mitigate any identified issues. In addition, we asked the companies to consider children as a stakeholder group when developing and marketing products and services, specifically focusing on understanding and addressing the impact they might have on children, even if children were intended to be users of these products and services.

The formal letters were sent out during the second quarter of 2023. In the next stage, we plan to together analyze the responses and begin engaging in further dialogue with the companies during the third quarter of the 2023. ○



Source: Johnér

↑ **The impact of technology products on young people is one of the focus areas of our new joint engagement on product responsibility**

Source: Colourbox



↑ Amnesty international has identified Myanmar as a country where Meta's business model has amplified violent conflicts

Concerns about Meta business model

Storebrand continues its engagement with Meta on human rights issues

S Storebrand has been engaging with **Meta** on specific digital rights issues for many years, based on our concerns about the potential for involvement in violations of human rights, as well as risks to the company's reputation and brand.

In 2021, following the military coup in Myanmar, Storebrand Asset Management began focusing more of its engagement with Meta on the company's role in the human rights crisis in Myanmar, including the persecution of Rohingya people, and the potentially adverse impact of the company's business model in conflict areas and high-risk countries.



Adverse impacts of business model

The root problem in Meta's involvement in Myanmar begins with company's business model, in which algorithms aim to boost usage by proactively amplifying and promoting content posted by the users on its platforms. In this particular case, the content being amplified and promoted, was inciting and encouraging violence against the Rohingya people, an ethnic minority in the country. Given the ongoing ethnic conflicts in the region and the long-standing discrimination against the Rohingya, Meta's activities substantially increase the risk of mass violence. For this reason, Amnesty International concludes, Meta has a responsibility towards the survivors of ethnic conflict.

Meta's connection to conflict-related violence has created significant legal, regulatory, operational, and financial risks that could impact shareholder value. In the United States and the United Kingdom, Meta is currently facing parallel lawsuits seeking US\$150 billion on behalf of the Rohingya population. [1] Meta was also involved in an International Court of Justice lawsuit against Myanmar, after Gambia requested the disclosure of materials from Meta to support its case [2]. It has also faced repeated advocacy campaigns [3], internal dissent among employees [4], and mandates to comply with international investigations [5], related to its involvement in Myanmar. Moreover, following the recent legislative developments in the EU [6] and the US [7], Meta can also face further legal and regulatory liability for the inherent human rights risks in its business model.

Progress on some fronts

On the other hand, Meta is willingly participating in the OECD process to fund educational facilities within the Bangladesh-based Cox's Bazar Refugee Camp [8]. While this is a positive development in addressing Meta's impact over the Rohingya people, we believe in the need to continue engaging with Meta on its human rights risks.

Since we started the dialogue related to Myanmar, Meta has taken several measures:

- First half 2021: Implementation of a new Myanmar-specific policy to remove praise, support and advocacy of violence by Myanmar security forces and protestors from our platform.
- First half 2021: Meta announces Myanmar military to be banned from Facebook and Instagram, as well as ads from military-linked commercial entities.
- Second half 2021: Meta removes Myanmar army-linked businesses from Facebook
- Second half 2022: Meta published its first annual **Human Rights Report**, which reports on how the company is working to address potential human rights concerns, stemming from its products, policies and business practices.
- First half 2023: Meta announced that their first Responsible Business Practices Report would be pushed during the summer of 2023. The report is to increase transparency on their impact on society and their approach to operating responsibly. They also announced that Meta's second Human Rights Report will be published at the end of 2023.

Source: Colourbox



Ongoing engagement

Storebrand continues to engage with Meta, following up on their impacts of their business model and how they build up on their human rights due diligence work as explained in their first human rights report identifying salient risk related to advertising, AI and new products such as Metaverse and how they follow up on those. Despite new policies and reports the company continues to face litigation and fines for the way it carries out its business.

In addition, we will continue to engage the company on its business model in the context of conflict areas and high-risk countries such as Myanmar; and on how the company implements its commitment to the UN Guiding Principles on Business and Human Rights (UNGPs) and other key standards, as stated in its own **Corporate Human Rights Policy**. [O](#)

References

- [1] [The Rohingya's Genocide Suit Against Meta is dismissed — For now | Observer; Rohingya sue Facebook for £150bn over Myanmar genocide | The Guardian](#), 2022
- [2] [The Gambia v. Facebook: Obtaining Evidence for Use at the International Court of Justice \(Part 1\) | Blog of European Journal of International Law](#)
- [3] [Zuckerberg Was Called Out Over Myanmar Violence. Here's His Apology.](#) | New York Times
- [4] [Facebook Engineer Resigns, Says Company On 'Wrong Side Of History' As Internal Dissent Grows | Forbes](#)
- [5] [The Gambia v. Facebook: Obtaining Evidence for Use at the International Court of Justice \(Part 1\) | Blog of European Journal of International Law](#)
- [6] [The Digital Services Act Package | The European Commission](#)
- [7] [Protecting Americans from Dangerous Algorithms Act | The Algorithmic Justice & Online Transparency Act; The Algorithmic Accountability Act. The US Supreme Court will also soon consider overturning or re-interpreting Section 230, which has long provided special protections to companies like Meta, including for their algorithmic amplification of harmful content. See Supreme Court to Hear Section 230 Case | Time](#)
- [8] [Rohingya refugees support by Victim Advocates International vs. Facebook | OECD Watch](#)

Setting expectations

NA 100 publishes asks to companies on halting and reversing nature and biodiversity loss

Following the recent launch of the Nature Action 100 (NA100) investor engagement group, with Storebrand a founding member, the group has now aligned on and published an official set of expectations. These expectations, designed to contribute to halting and reversing nature and biodiversity loss by 2030, are a foundational element that will shape the group's ongoing priorities and actions.

The NA100's newly published "Investor Expectations for Companies" **detail key actions** in six focus areas: Ambition, Assessment, Targets, Implementation, Governance, Engagement.

At the same time, the NA100 also identified the key sectors, based on their role as major drivers of nature loss, within which the investors in the group will engage companies.

The eight sectors are:

- Biotechnology and pharmaceuticals
- Chemicals, such as agricultural chemicals
- Household and personal goods
- Consumer goods retail, including e-commerce and specialty retailers and distributors
- Food, ranging from meat and dairy producers to processed foods
- Food and beverage retail
- Forestry and paper, including forest management and pulp and paper products
- Metals and mining

This sector focus list will be followed later this year by a detailed list of companies that the group will engage with. The engagement will be initiated via a formal communication to the identified companies outlining the expectations that the investors have aligned on.

Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reduce nature and biodiversity loss. The initiative aims to protect both nature and mitigate nature-related financial risks to the companies. ○

 [Learn more about the NA100](#)



Biodiversity risks from animal waste

Storebrand to take leading role in collaborative engagement coordinated by FAIRR

Storebrand has joined a collaborative engagement on biodiversity risks from animal waste, coordinated by The FAIRR Initiative (FAIRR). The engagement targets ten publicly listed pork and chicken producers with material shares in their respective markets, as well as two fertilizer companies whose range of services includes the extraction and marketing of nutrients from manure. Storebrand is the lead investor for engagement Yara International ASA, one of the two fertilizer companies.

According to FAIRR, the 70 billion animals processed for the global food system each year generate an estimated 3.12 billion tonnes of waste as manure. Intensive animal farming can be linked to nutrient pollution in local freshwater sources and to ecosystem degradation and biodiversity loss up to hundreds of miles away. Half of freshwater biodiversity loss can be attributed to agriculture, with nutrient runoff and the algal blooms it can cause as a key contributor.

FAIRR's engagement initiative on biodiversity risk from animal waste is supported by 80 investors globally, representing 23 trillion USD in combined assets under management. ○

Observation period extended

Eolus Vind AB indigenous rights conflict remains unresolved

Storebrand Asset Management placed Eolus Vind AB on the observation list in Q2 2022, due to human rights risk related to impact of the Øyfjellet Wind Park on indigenous Sami reindeer herders in Jillen-Njaarke district.

In our decision to place Eolus under observation, we requested that the company carry out a renewed effort to obtain the consent of Sámi reindeer herders of Jillen-Njaarke about mitigating actions to allow traditional reindeer migration through the project area. To prevent future conflicts in other projects, Storebrand requested Eolus Vind AB to also adopt a policy on Indigenous peoples' rights, in accordance with international best practice.

In early 2023, Eolus published a policy on human rights and guidelines for respecting Indigenous peoples' rights, thus meeting our second expectation. However, the company did not succeed in reaching an agreement with the impacted reindeer herders, who have not given their "Free, Prior and Informed Consent" to the project. In April 2023, Eolus Vind and the owner of the wind park, Øyfjellet Wind AS, confirmed that Eolus had exited the project after the construction phase was completed. As Eolus is not involved in the operational phase, the company no longer has standing to engage with the impacted Indigenous rights holders in the area.

In June this year, Storebrand decided to extend the observation period for Eolus Vind for a period of up to one year. The dialogue with Eolus continues, focusing on the company's systems for assessing and preventing human rights risks in other existing and future projects.

Regarding the specific human rights impact at Øyfjellet, Storebrand has initiated dialogue with both Øyfjellet Wind AS and Aquila Capital, the operator and owner of the project. ○

Human rights due diligence

Storebrand contributes to knowledge sharing on business social risk at KAN conference.

This June, Storebrand participated in the annual conference of **Norway's Koalisjon for Ansvarlig Næringsliv (KAN)**. This year's conference focused on the implementation of the **Norwegian Transparency Act** ("Åpenhetsloven").

Since the Norwegian Transparency Act was passed last summer after a few years of advocacy and feedback to policymakers from KAN, the organization shifted its focus to the implementation of the act. This year's conference delved into how investors are using corporate human rights risk and due diligence frameworks in their portfolios.

Storebrand's Head of Human Rights and Senior Sustainability Analyst **Tulia Machado-Helland** presented, and later on during a panel session, discussed just transition in the renewable sector. Her presentation focused on how Storebrand conducts human rights due diligence for portfolio companies in the renewables sector, and on companies' human rights risk.

Some of the main takeaways from Machado-Helland's presentation include the critical need for more investments if we are to meet the 1.5 degrees target of the Paris Agreement, and the dilemma posed to investors by the fact that many of the companies driving the green transition are very poorly equipped to tackle social issues and respect human rights. This gap has been reflected in an increased number of controversies linked to community rights and indigenous peoples, and the exposure in the solar industry to forced labour. Transition minerals are also linked to an increased number of human rights abuses, based on a perceived need to extract the minerals for renewable energy equipment and technology, at a higher pace.

Basic respect for human and environmental rights, which focuses on communities and workers, is a fundamental step towards achieving a just and sustainable energy transition. However, less than half of the companies associated with allegations of abuse in 2022 have human rights policies in place, according to the *Transition Minerals Study 2023* by the Business & Human Rights Resource Centre.

There was a consensus that respect for basic human and environmental rights, is a fundamental first step to achieving a just and sustainable energy transition. Yet, according to the Business & Human Rights Resource Centre, less than half of the companies associated with allegations of abuse in 2022 have human rights policies in place. ○

First Transparency Act report published

Fulfilling requirements on reporting of due diligence framework for human rights risks in value chains.

The **Norwegian Transparency Act** ("Åpenhetsloven"), which requires enterprises to have in place a due diligence framework for human rights risks in their supply chains, entered into force on July 1, 2022. The Act requires enterprises to annually report on their due diligence activities and provide information to the public on request. The first reporting deadline was June 30, 2023.

During the reporting period, Storebrand Asset Management has mapped and assessed human rights risks in sectors ranging from renewable energy, to oil and gas, textile, and food and agriculture. We have implemented measures to stop, prevent, or limit negative consequences in our portfolios for the following risks:

- living wages and decent working conditions in supply chains;
- forced labour;
- gender, diversity, and inclusion;
- employee rights, including the right to participate in trade unions;
- children's rights;
- local community rights in the green transition;
- Indigenous peoples' rights;
- human rights in high-risk countries and conflict areas.

We have used active ownership strategies such as exclusions, reactive and proactive dialogue with companies, and observation lists as part of our due diligence framework.

These strategies helped avoid including at least eleven problematic companies from high-risk countries in our portfolios. We have also decided to exclude thirteen companies after evaluating the human rights risks as aligned with our due diligence framework.

We have also had a proactive dialogue with over fifteen industries, mainly through collaboration in various investor initiatives, and have voted on over 195 social shareholder proposals at general meetings in 2023.

In addition to the Norwegian Transparency Act, we have also reported on the EU Sustainable Finance Disclosure Regulation (SFDR). We have focused on principle adverse impacts such as violations of UN Global Compact and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap, board gender diversity, exposure to controversial weapons. For more details on our human rights due diligence process, see [our recently published report](#). ○

The Transparency Acts
requires due diligence documentation
on working conditions.



Engagement data

Q2 2023

All data represent year-to-date totals of engagement activity (conducted during the period 01/01/2023 to 30/06/2023).

719 Ongoing engagements

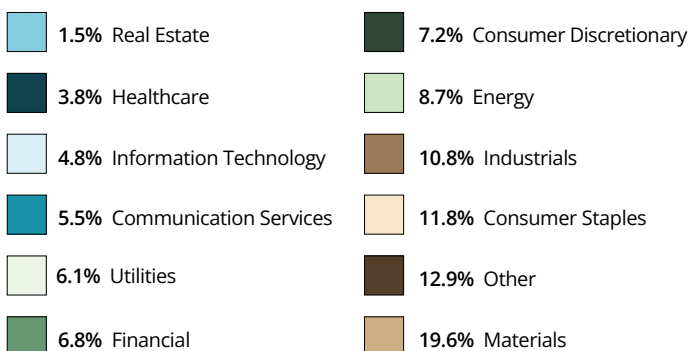
123 Completed engagements

As of the end of Q2, we currently have 719 ongoing engagements in total, with 646 unique companies in our portfolios. 80% of the engagements are collaborative and 6% of these we are taking on a leading role within the respective investor coalitions.

The majority of our engagements are proactive. Of course, we engage with companies to require them to redress wrongs (reactive engagement), but we have a very strong focus on lifting sustainability standards proactively, so as to address potential sustainability risks before they can become impacts, as well as to encourage good practices. This is why many of our engagements are proactive, engaging for long periods and, where possible, with other investors for more leverage and better results.

Many of our on-going engagements pertain to climate issues, encouraging companies to make the necessary transition, set credible short, medium and long-term targets and to have credible plans to implement these targets. Social, labour and human rights issues also remain a strong focus as well in on ongoing engagements. Going forward, there will be an even stronger focus on the just transition which will be reflected in the dialogue with companies, not least, through the PRI Advance.

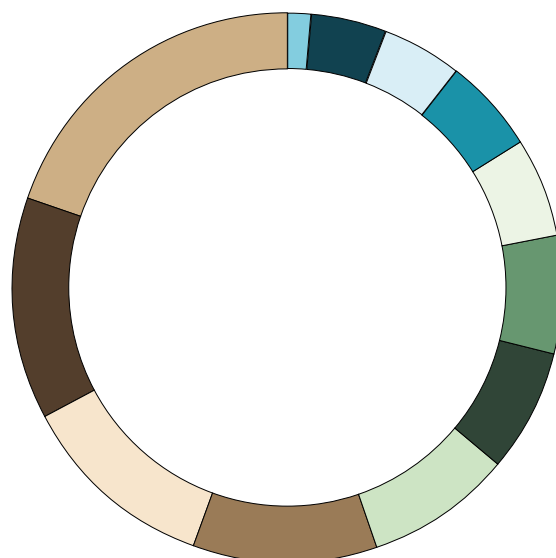
Sectors engaged in



Where we engaged

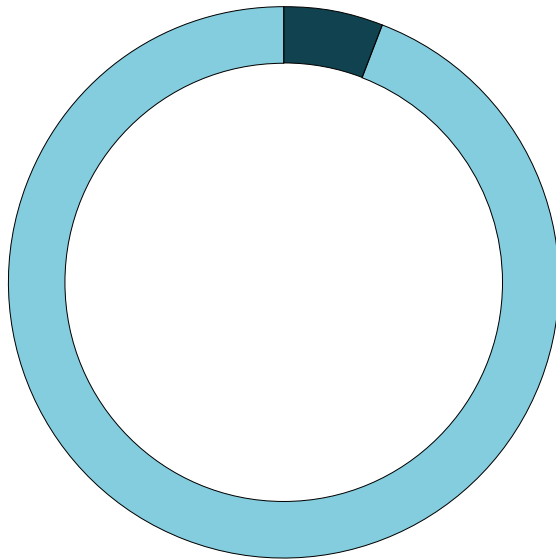
Top countries engaged in

| Country | Number of engagements | |
|---------------------|-----------------------|-------|
| United States | 192 | 22.8% |
| Norway | 66 | 7.8% |
| Japan | 61 | 7.2% |
| Sweden | 57 | 6.8% |
| Germany | 39 | 4.6% |
| France | 36 | 4.3% |
| United Kingdom | 34 | 4.0% |
| Switzerland | 25 | 3.0% |
| China | 22 | 2.6% |
| Indonesia | 16 | 1.9% |
| All other countries | 548 | 65.1% |



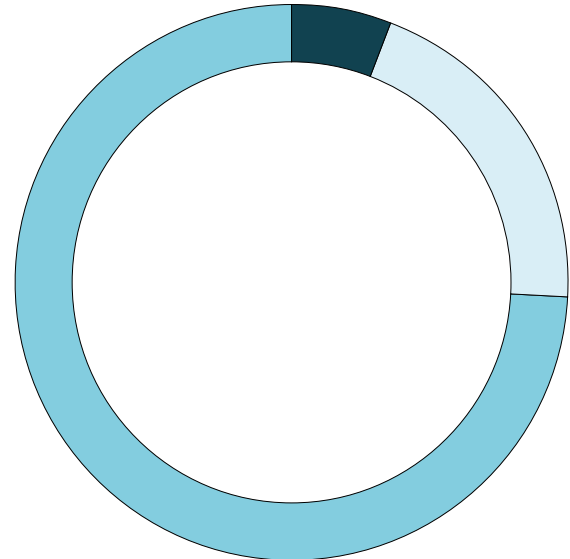
Why and how we engaged

Reasons for engagements



- 6% Reactive
- 94% Proactive

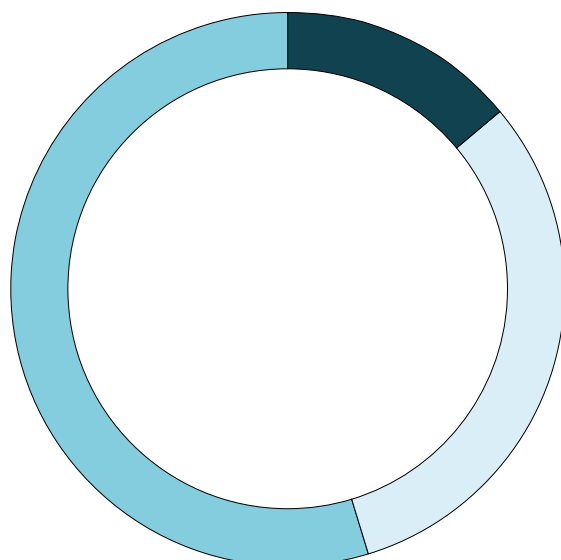
Format of engagements



- 6% Collaborative (leading role)
- 20% Internal
- 74% Collaborative (non-leading role)

What we engaged in

ESG categorization of engagements

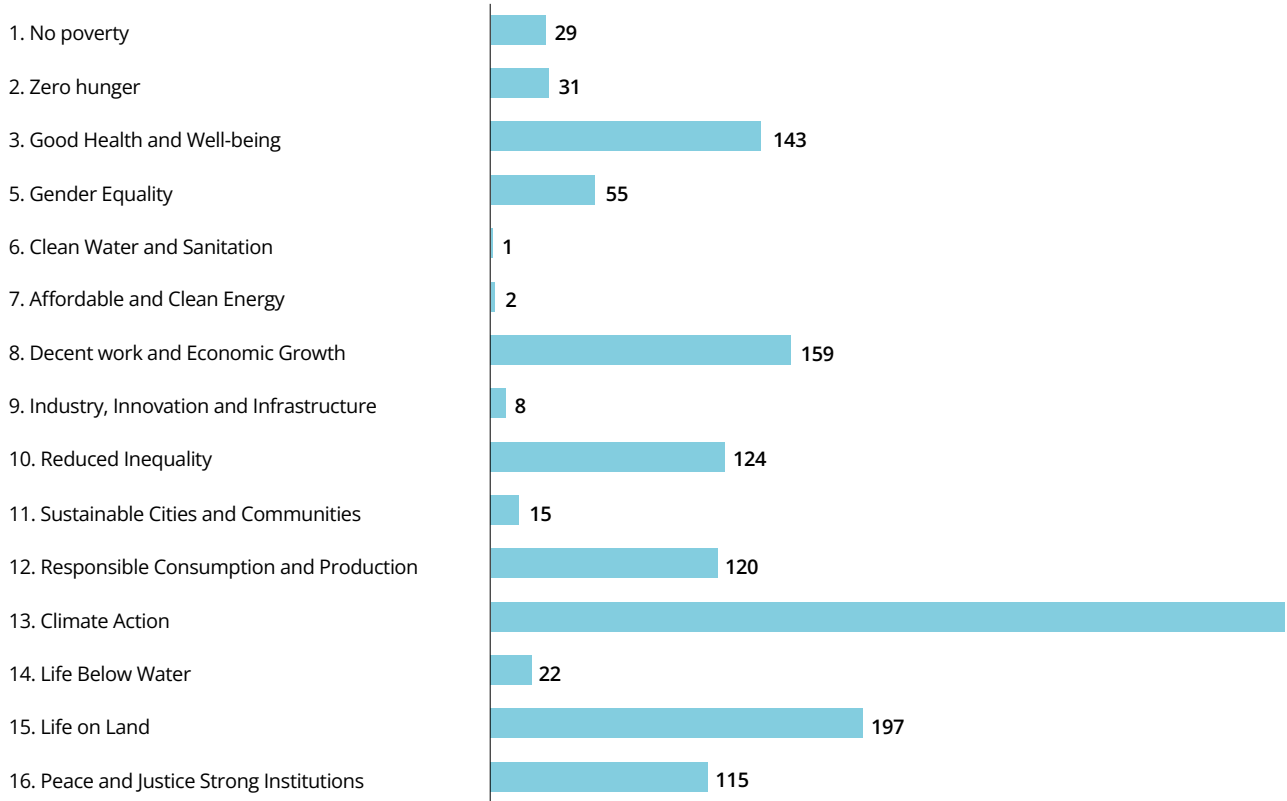


- 14% Governance
- 31% Social
- 54% Environmental



What we engaged in

SDGs impacted by engagements



We accept that all our engagement activities contribute to SDG 17, meaningful partnerships for goals.

Learn more about our engagement process and see engagement data in real time [at our active ownership web page](#)



Voting summary


Q2 2023

The second quarter of the year contains a large number of annual general meetings (AGM) in important markets, and is an especially busy period for proxy voting. We prioritize voting at AGMs where we believe we can make a difference with regards to ESG. We aim to vote on all meetings with resolutions related to ESG, companies where we have a significant shareholding, and companies where we have on-going engagements. We prioritize in this manner, in order to ensure that our voting decisions are impactful, well-grounded and based on qualitative review.

The highest number of proposals on environmental issues, continued to be related to climate change, including emission reduction plans, reporting and disclosure on climate lobbying. Plastic pollution and recycling was another issue featured in several votable proposals. Among social issues, the main issues on AGM agendas were human rights, labour issues, diversity, equity and inclusion (including racial and gender pay gap) and disclosure on political donations and lobbying.

We voted against management in 10% of cases. In the majority of cases this was due to governance issues such as board diversity and compensation plans. However, we also voted against management on environmental and social proposals, covering topics that included climate change, pollution, human rights, pay equality, workplace discrimination and political lobbying disclosure.

During the quarter, we noted a growing number of "anti-ESG" shareholder proposals at AGMs in the US. These proposals aim to prevent companies from spending resources on managing ESG issues such as climate change or workplace diversity. The level of support for anti-ESG proposals is very low, generally around 2%, according to the PRI.

ISS is our proxy voting service provider, and in 99.8 % of cases we voted in alignment with recommendations based on ISS' Sustainability policy. In the few cases where we voted against the ISS recommendations in Q2, it was mostly items on director elections, compensation or share repurchase plans for Norwegian companies. These are companies that Storebrand knows very well, and our voting instructions are based on a detailed analysis and our internal voting policy. At the AGM of Amazon.com, we supported a shareholder proposal on animal welfare, against the recommendation of ISS. In our opinion, the proposal of producing an audit and report on animal welfare in Amazon.com's supply chain would be beneficial to shareholders, as it would enable the company to reduce risk. The only other notable example of voting against ISS recommendations was our vote against TotalEnergies SA's "Sustainable Development and Energy Transition Plan", which our analysis showed was not sufficiently robust to align with the Paris Agreement's 1.5 degree target. 

Plastic pollution and recycling was another issue featured in several votable proposals.



Voting key figures

All data represents voting activity
conducted during Q2 2023

General voting data

| | Voted | Votable | Percentage voted |
|--|-------|---------|---------------------|
| Number of general meetings voted | 1346 | 2707 | 50% |
| Number of items voted | 20339 | 38121 | 53% |
| Number of votes on shareholder proposals | 676 | 848 | 78% |

Top countries voted in

| | Voted meetings | Votable meetings | Percentage voted |
|----------------|-------------------|---------------------|---------------------|
| USA | 423 | 564 | 75% |
| Japan | 151 | 268 | 56% |
| Norway | 95 | 108 | 88% |
| Sweden | 86 | 306 | 28% |
| Canada | 66 | 99 | 67% |
| France | 49 | 63 | 78% |
| United Kingdom | 49 | 76 | 64% |
| Germany | 47 | 66 | 71% |
| China | 44 | 184 | 24% |
| Taiwan | 42 | 104 | 40% |
| Cayman Islands | 38 | 156 | 24% |
| Brazil | 34 | 100 | 34% |
| Netherlands | 30 | 46 | 65% |
| Switzerland | 23 | 43 | 53% |
| Spain | 15 | 17 | 88% |

Percentages rounded off to nearest decimal



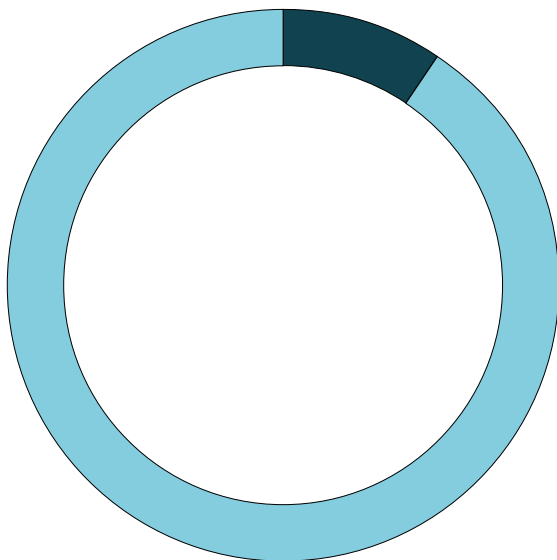
Learn about our voting guidelines
and see a live presentation of more
voting data, visit our proxy voting
dashboard

Shareholder proposals overview

| | Number of proposals | With management | % with management | With ISS Sustainability policy | % with Policy | ESG Flag |
|------------------------|---------------------|-----------------|-------------------|--------------------------------|---------------|----------|
| Audit Related | 1152 | 1143 | 99% | 1152 | 100% | G |
| Capitalization | 1397 | 1190 | 85% | 1386 | 99% | G |
| Company Articles | 424 | 409 | 96% | 424 | 100% | G |
| Compensation | 2966 | 2467 | 83% | 2952 | 100% | G |
| Corporate Governance | 38 | 9 | 24% | 38 | 100% | G |
| Director Election | 9044 | 8249 | 91% | 9028 | 100% | G |
| Director Related | 2299 | 2105 | 92% | 2296 | 100% | G |
| E&S Blended | 67 | 49 | 73% | 67 | 100% | ES |
| Environmental | 100 | 32 | 32% | 99 | 99% | E |
| Miscellaneous | 97 | 79 | 81% | 97 | 100% | G |
| Non-Routine Business | 151 | 133 | 88% | 151 | 100% | G |
| Routine Business | 2283 | 2235 | 98% | 2283 | 100% | G |
| Social | 207 | 66 | 32% | 205 | 99% | S |
| Strategic Transactions | 72 | 58 | 81% | 72 | 100% | G |
| Takeover Related | 85 | 82 | 96% | 85 | 100% | G |

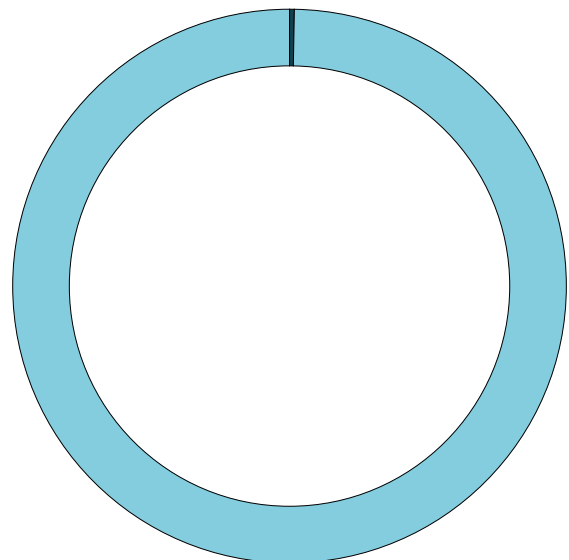
Alignment with management recommendations

Voting choices compared to management recommendations



10% Votes against management
90% Votes with management

Voting choices compared to ISS recommendations



0,20% Votes against ISS Sustainability Policy
99,80% Votes with ISS Sustainability Policy



Exclusions /

EXCLUSIONS

When engagement won't help companies
reach necessary ESG standards

Exclusion key figures

Companies excluded by Storebrand, as of 30th June 2023

Companies excluded under the Storebrand Standard

| Category | Newly excluded | Total excluded |
|--|----------------|----------------|
| Conduct — environment | 0 | 19 |
| Conduct — corruption and financial crime | 0 | 9 |
| Conduct — human rights and international law | 2 | 49 |
| Tobacco | 0 | 22 |
| Controversial weapons | 1 | 34 |
| Climate — coal | 5 | 143 |
| Climate — oil sands | 0 | 9 |
| Climate — lobbying | 0 | 5 |
| Arctic drilling | 0 | 0 |
| Deep-sea mining | 0 | 1 |
| Marine/riverine tailings disposal | 0 | 3 |
| Deforestation | 0 | 14 |
| Cannabis | 0 | 0 |
| State-controlled companies | 0 | 15 |
| Total | 8 | 297* |

Companies excluded under all standards

| Category | Newly excluded | Total excluded |
|---|----------------|----------------|
| Serious environmental damage (inclusive deforestation) | 0 | 56 |
| Corruption and financial crime | 0 | 11 |
| Human rights and international law | 3 | 80 |
| Controversial weapons | 1 | 34 |
| Fossil fuels | 5 | 498 |
| Tobacco | 0 | 22 |
| Alcohol | 1 | 82 |
| Weapons/arms | 1 | 58 |
| Gambling | 0 | 36 |
| Cannabis | 0 | 0 |
| Adult entertainment | 0 | 0 |
| Total | 14 | 768* |

Exclusions / Myanmar

GAIL India Ltd and Korea Gas Corporation (KOGAS) involved in MOGE project

During the second quarter of 2023, **GAIL India Ltd** and the **Korea Gas Corporation (KOGAS)** were both excluded from our investment universe, based on their involvement in a project in Myanmar.

GAIL India Ltd is involved in natural gas exploration, production distribution and sales. KOGAS's operations span the importation of natural gas used within South Korea, as well as building and maintaining gas terminals and pipelines in the country and outside of it.

Both companies are excluded under Storebrand's Exclusion Policy due to an unacceptable risk that the companies are contributing to serious violation of the rights of individuals in situations of war and conflict. Myanmar has been plagued by significant human rights violations since the February 2021 coup in which the country's elected government was ousted and replaced by a military government.

Within Myanmar, GAIL India Ltd and KOGAS are each minority partners in a joint venture with Myanma Oil and Gas Enterprise (MOGE), a company owned by the Myanmar government. The venture is involved in the Shwe offshore gas project in Myanmar. MOGE, which is controlled by Myanmar's armed forces, is subject to sanctions by Norway, the EU, the USA and number of other countries.

Through their activities in the country, GAIL India Ltd and KOGAS are providing the Myanmar armed forces with substantial revenue streams that can finance military operations and human rights abuses.

The companies' business partnerships with MOGE represent an unacceptable risk of contributing to serious human rights abuses in the future. ○

Re-included / Lotte Chemical Corp

Follows return to required standards

Lotte Chemical Corp was included back into the investment universe following a seven-year hiatus. During this time, the company has strengthened its compliance program and is catching up with the broader focus on ESG that has emerged amongst South Korean stakeholders. ○

*Some companies are excluded on the basis of several criteria. Storebrand also does not invest in companies that have been excluded by Norges Bank from the Government Pension Fund — Global. We have also excluded 25 countries that are systematically corrupt, systematically suppress basic social and political rights, or that are subject to EU sanctions and UN Security Council sanctions.

Sustainable investments team /

TEAM

**A dedicated team of
sustainability professionals**

Storebrand manages sustainability risks through the coordinated efforts of our risk and ownership team, in collaboration with our investment managers, including the Solutions investment team. The Risk and Ownership team is dedicated to integrating environmental, social and governance (ESG) risks into our analysis of companies and management of investment portfolios.



Kamil Zabielski
Head of Sustainable Investment

Zabielski, who joined our sustainable investments team in 2021, was previously Head of Sustainability at the Norwegian Export credit Agency (GIEK), and advisor at the Council of the Ethics for the Norwegian Government Pension Fund — Global. His specializations include human rights/ labour rights, conducting due diligence of companies, and evaluating environmental and social risks and impacts of projects. He has an L.L.M in International Law and an M. Phil in Human Rights Law from the University of Oslo.



Tulia Machado-Helland
Head of Human Rights and Senior Sustainability Analyst

Machado-Helland, who joined our sustainable investments team in 2008, specializes in human rights, labour rights, Indigenous peoples' rights and international humanitarian law. She is responsible for Storebrand's active ownership strategy and company engagement, and engages with companies mainly on social issues, as well as with overlapping environmental issues. Previously, she has worked on the Council on Ethics for the Norwegian Govern-

ment Pension Fund — Global, the Ministry of Finance in Norway and as an attorney in the US. She holds a Juris Doctor's Degree, a Texas State Attorney license, and has a Master's degree in International Relations and Development.



Emine Isciel
Head of Climate and Environment

Isciel, who joined our sustainable investments team in 2018, leads our work on climate and environment and our company engagement. Previously, Isciel worked for the Norwegian Ministry of Climate and Environment, on multi-lateral environmental agreements, advising the government on sustainability policies and strategies and leading the implementation of the SDGs. Isciel has worked for the United Nations and provided technical advice and content to the SDGs. She holds an MA in Political Science from the University of Oslo and has studied at University of Cape Town, New York University and Harvard Extension School.



Vemund Olsen
Senior Sustainability Analyst

Olsen joined our sustainable investments team in 2021. He was previously Special Adviser for Responsible Finance at Rainforest Foundation

Norway, where he engaged with global financial institutions on management of risks arising from deforestation, climate change, biodiversity loss and human rights violations. Previously, Olsen has worked with the United Nations High Commissioner for Refugees in Venezuela and with human rights organizations in Colombia and has an M. Phil in Human Rights Law from the University of Oslo.



Victoria Lidén
Senior Sustainability Analyst

Lidén, who joined our sustainable investments team in 2021, is based in Stockholm and works with ESG analysis and active ownership, with a focus on the Swedish/Nordic market. On behalf of Storebrand Fonder AB, she is also a member of corporate board nomination committees. Prior to joining Storebrand, Victoria has 7 years of experience in sustainability within the financial industry. She holds a B.Sc. in Business Administration and Economics from Stockholm University, including studies at National University of Singapore. In addition, she has studied sustainable development at CSR Sweden and Stockholm Resilience Centre.



Frédéric Landré
Sustainability Analyst

Landré, who joined our sustainable investments team in 2023, has extensive experience in analyzing issuers' ESG profiles and green frameworks. Prior to joining Storebrand, Landré was with the London Stock Exchange Group, where he worked with quantitative analysis and integration of financial and ESG data. He has a M.Sc. in Business Administration from Linköping University, with a major in finance.

Q&A


Mia Nyberg in new role

Begins as CEO of Storebrand Fonder (Sweden)
after several years as COO



Inspired at sea

Mia's views on sustainability have been shaped by awe-inspiring experiences at sea. Despite vastly different career choices, this echoes the inspirations of Mia's hero: the adventurer Ellen MacArthur. In 2005, MacArthur completed a 71-day solo sailing circumnavigation of the planet. Alone at sea, MacArthur was in her own world, with her survival dependent on how well she adapted to nature and the limited food, fuel, and other supplies onboard. The experience triggered a realization: that our global economy too, depends completely on the finite resources we extract, use and dispose of. Soon after returning, MacArthur established a self-named foundation dedicated to creating a circular economy and regenerating nature.

 Read more about the [Ellen MacArthur Foundation](#)

O

n June 1st, **Mia Nyberg**, formerly the COO of Storebrand Fonder in Sweden, transitioned to a new role as its CEO. This is a brand-new step in Mia's career, after undertaking many important operational and executive roles for more than a decade. Here, she shares some thoughts on her career and the future of the company.

When did sustainability become a part of your career?

It has *always* been a vital aspect of my work. I have been working in finance most of my career, and finance has been a driver of sustainability for so long. Sustainability in my work got an even more significant role when I started working at Storebrand. Sustainability is such an integral part of our business model and ways of working here. Once you understand the power and relevance of sustainability in asset management, there is no turning back.

On a personal level, nature and more specifically the ocean has always been a huge part of my life. I have been sailing for as long as I can remember, and I cannot imagine a world without healthy oceans.

What are your priorities as you begin in this new role?

Storebrand Fonder is in a good place. The company had a fantastic performance in recent years, and I am excited to take over this journey and lead it to the next frontier. Being part of a Nordic finance group that has both visions and ambitions has enabled us to launch our funds in several new markets. Our Plus concept of index-aware funds is very sought after outside of Sweden, so providing them to a wider audience is also a continued priority for me.

Storebrand focuses on "value beyond return" — what does this mean, from your point of view?

Sustainability for me as the CEO of Storebrand Fonder, is about ensuring the best long-term risk-adjusted return for our clients. We cannot remove the "eco" from the economy. The same goes for other social or governance issues. It is all interlinked, and a prerequisite for healthy long-term portfolios.

What are the biggest challenges within sustainability?


Science says change! Scientific facts all point in the same direction: We need massive mobilization of private sector capital to shift companies and their activities towards entirely new systems of value creation that are aligned with sustainability. For investors, that means both investing in solutions, as well as taking on stewardship responsibilities.

Change, however, doesn't come easy: it will be difficult and may come at a cost, but the failure of inaction will be worse. We simply must continue advocating for the importance of sustainability and the favourable conditions it creates for positive value development.

What's inspiring you at the moment?

My colleagues inspire me every day. We have a fantastic pool of people to learn from on a day-to-day basis, on very broad asset management and geopolitical issues, as well as on very detailed sustainability topics and regulatory challenges.

I also listen to a variety of podcasts to broaden my view on topics ranging from leadership and management to life experiences and sustainability. I tend to go outside our own business to get new perspectives. For example, I listen to the Swedish podcast **Sommar i P1** with a variety of interesting profiles ranging from actors to business leaders, scientists, artists, athletes, writers, journalist, sharing perspectives on their life and experiences.

A person that inspires me is Ellen MacArthur who, in 2005 broke the world record for the fastest solo circumnavigation of the world. She is also founder of the [Ellen MacArthur Foundation](#). Beyond the interest in sailing, I share the same passion she has for healthy oceans and a circular economy. 

In the media

Storebrand AM calls for Nordic collaboration amid ESG-backlash

AM Watch

12th May 2023

In an event report on the Dansif Danish forum for responsible investors, Storebrand Asset Management CEO Jan Erik Saugestad declares that the company is working to bring Nordic investors together in a more ambitious investor alliance on climate goals.


 <https://amwatch.com/AMNews/Ethics/article16045043.ece>

Investor network with call to finance ministers: "We cannot afford to do nothing"

Børsen, Denmark

May 15th, 2023

Emine Isciel, Head of Climate and Environment at Storebrand Asset Management, doubts that the biodiversity targets from last year's COP 15 can be achieved by 2030, while noting to finance ministers that "we can't afford not to do something that's so much at stake".


 <https://borsen.dk/nyheder/investor/investor-netvaerk-i-opraab-til-ministre-vi-har-ikke-raad-til-ikke-at-gore-noget>

A top fund manager proves you can generate big returns while investing ethically

CNBC Pro Talks

17th May 2023

CNBC's Tanvir Gill discussed ethical investing — how to invest sustainably without sacrificing returns — with Storebrand's Philip Ripman, about his Storebrand Global Solutions fund, ranked top for 10-year annualized returns (15%) on Morningstar's list of global mega-cap equity funds. Topics included tech giants, renewable energy, impact of geopolitical tensions, electric vehicles, battery stocks and solar companies.

 <https://www.cnbc.com/2023/05/16/cnbc-pro-talks-fund-manager-philip-ripman-on-esg-vice-free-investing.html>

Investor alliance calls on governments to act on biodiversity issue

AM Watch

17th May 2023

The Finance for Biodiversity Foundation investor alliance, including Storebrand, calls for governments to implement legislation that enforces large corporations to report on their impact on nature and biodiversity. "By making it mandatory, investors will have a better opportunity to analyze risk and make sure that private capital flows in a direction that protects nature and biodiversity," Storebrand's Emine Isciel notes.


 <https://amwatch.com/article15836066.ece>

Storebrand excludes company accused of threatening wildlife

AM Watch

22nd May 2023

A news report on the first incidence of Storebrand excluding a company on the basis of climate and nature risks. Storebrand's Emine Isciel outlines the complexity of navigating the dilemma of this case: weighing the need for renewable energy, versus the systemic risks of ecosystems collapsing due to species extinction that the project cause.


 <https://e24.no/energi-og-klima/i/3bzme/storebrand-ekskluderer-selskap-basert-paa-naturmaal>

ISS backs Toyota shareholder proposal on climate disclosure

Nasdaq

28th May 2023

Ahead of the Toyota Motor annual general meeting in June, proxy advisor Institutional Shareholder Services (ISS), an independent adviser for 3,400 asset managers and investors, recommended that shareholders back the resolution on climate change lobbying disclosure tabled by Storebrand Asset Management, Danish pension fund AkademikerPension, and Dutch pension investor APG Asset Management.

 <https://www.nasdaq.com/articles/iss-backs-toyota-shareholder-proposal-on-climate-disclosure>

Saugestad wants Norway to become an asset management nation

AMWatch

14th June 2023

Could sustainability, technology and capital competencies add up to make asset management the new "oil" for Norway as a nation? In an interview, Storebrand Asset Management

CEO Jan Erik Saugestad reflects on the possibilities, and what it would take to turn this vision into reality.


 <https://amwatch.com/AMNews/FundManagement/article16131360.ece>

Investors oppose Norway's Deep Sea Mining Ambitions

ESG Investor

26th June 2023

"There is a growing recognition that a sustainable energy transition cannot be built at the cost of destroying nature," Emine Isciel, Head of Climate and Environment at Storebrand Asset Management, is quoted as saying, in a report on the Norwegian government's controversial decision to allow deep sea mining.


 <https://www.esginvestor.net/investors-oppose-norways-deep-sea-mining-ambitions/>

Another Deep-Sea Drama

NordSIP

27th June 2023

In a column on the Norwegian government's controversial decision to allow deep sea mining, Storebrand's precautionary stance against the practice is noted. Storebrand Asset Management CEO Jan Erik Saugestad's interview in a film by the Environmental Justice Foundation underlines Storebrand's dissent: "The deep sea is one of our few remaining pristine ecosystems, and to just open it up for exploitation, without proper insight, is close to madness".

 <https://nordsip.com/2023/06/27/another-deep-sea-drama>
<https://vimeo.com/838336864/59e340bfc0>

Looking ahead

IEA Critical Minerals and Clean Energy Summit

28th September 2023


The International Energy Agency hosts the first-ever international summit on critical minerals and their role in clean energy transitions, in Paris. The Summit will convene government ministers from large mineral producing and consuming countries, business leaders, investors, NGOs and civil society representatives.

 <https://www.iea.org/events/iea-critical-minerals-and-clean-energy-summit>

PRI in Person 2023

3rd-5th October 2023


This year's PRI in Person conference takes place in Tokyo, Japan and focuses on themes such as just transition, ESG alignment in Asian markets, nature and biodiversity risks, human rights risks in supply chains, and alternative investments. The event is expected bring together more than a thousand financial professionals from asset owners and managers, rating providers, international finance institutions.

 <https://pip2023.unpri.org/tokyo>

European Business & Nature Summit (EBNS)

11th-12th October 2023


This year's edition, in Milan, Italy, will emphasize empowering businesses to take transformative action, to implement biodiversity targets and lead the way towards a nature-positive society.

 https://green-business.ec.europa.eu/european-business-nature-summit-2023_en

PLWF Conference

1st November 2023


The members of the Platform Living Wages Financials, including Storebrand, will share insights and present the results of the year's work to date on engagement with companies regarding living wages and living incomes in several sectors.

 <https://www.livingwage.nl>

UN Forum on Business and Human Rights

27-29th November 2023


Centred on the UN Guiding Principles on Business and Human Rights (UNGPs) – the authoritative global framework for States and businesses on preventing adverse impacts on human rights arising from business activities. Leadership of governments, international organizations, business, civil society, trade unions, communities, lawyers, and academia assemble to reflect on the effectiveness of the UNGPs, and discuss key trends and challenges in implementing them.

 <https://www.ohchr.org/en/events/sessions/2023/12th-united-nations-forum-business-and-human-rights>

COP28

30th November-12th December 2023

Takes place in Dubai, UAE, at the halfway point between the 2015 Paris Agreement and 2030, the first substantial interim waypoint on the road to net-zero in 2050. The meeting will host the first Global Stocktake, mandated under the Paris Agreement, to assess implementation progress towards the agreed climate goals.

 <https://www.cop28.com/en>

Important information

This is a marketing communication, and this document is intended for institutional investors. Alternative investment funds are only eligible for professional investors. Except otherwise stated, the source of all information is Storebrand Asset Management AS, as of the date of publication.

Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. Future fund performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future.

Storebrand Asset Management AS is a management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds. Storebrand Asset Management AS is part of the Storebrand Group. No offer to purchase shares can be made or accepted prior to receipt by the offeree of the fund's prospectus and KIID and the completion of all appropriate documentation.

For all fund documentation including the KIID, the Prospectus, the Annual Report and Half Year Report, unit holder information and the prices of the units, please refer to www.storebrand.com/. No offer to purchase shares can be made or accepted in countries where a fund is not authorised for marketing. Investors' rights to complain and certain information on redress mechanisms are made available to investors pursuant to our complaints handling policy and procedure. The summary of investor rights in English is available here: www.storebrand.com/. Storebrand Asset Management AS may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

Find out more about our work and offerings

Storebrand Asset Management is part of the Storebrand Group, managing NOK 1100 billion of assets for Nordic and international clients.

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